H.R. 2832 AND H.R. 4025—HEARING ON STATE EXTENDED-CARE FACILITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOSPITALS AND HEALTH CARE

OF THE

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HOUSE OF REPRESENTATIVES

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CONTENTS

SEPTEMBER 23, 1981

Page

H.R. 2832 and H.R. 4025—Hearing on State-Extended Health Care Facilities ... 1

STATEMENTS BY MEMBERS OF CONGRESS

Chairman Mottl ... 1

Hammerschmidt, Hon. John Paul ... 2

WITNESSES

Evans, Hon. Cooper, a Representative in Congress from the State of Iowa ... 3
- Prepared statement of Congressman Evans ... 31

Camp, Dr. Turner, Associate Deputy Chief Medical Director for Operations, D.M. & S., Veterans' Administration ... 5
- Prepared statement of Dr. Camp ... 32

Warren, Harry A., president, National Association of State Veterans Homes, accompanied by Jack Dack, chairman, legislative committee, National Association of State Veterans Homes, and Edward White, Iowa State Home budget analyst ... 7
- Prepared statement of Mr. Warren ... 34

Magill, James N., special assistant, national legislative services, VFW ... 13
- Prepared statement of Mr. Magill ... 77

Edmiston, Stephen L., administrative assistant, Disabled American Veterans .. 14
- Prepared statement of Mr. Edmiston ... 81

MATERIAL SUBMITTED FOR THE RECORD

Agency views: Veterans' Administration response to request for views in re H.R. 2832 ... 30

Bills:
- H.R. 2832—To amend title 38, United States Code, to provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities ... 25
- H.R. 4025—To amend title 38, United States Code, to extend the authority for the program of grants to States for State home facilities, and for other purposes ... 28

Domiciliary care: State home inspection standards ... 71

Written committee questions and answers: Chairman Mottl to National Association of State Veterans Homes ... 65

H.R. 2832 AND H.R. 4025—HEARING ON STATE EXTENDED-CARE FACILITIES

WEDNESDAY, SEPTEMBER 23, 1981

House of Representatives,
Committee on Veterans' Affairs,
Subcommittee on Hospitals and Health Care,
Washington, D.C.

The subcommittee met at 8:30 a.m. in room 334 of the Cannon House Office Building; Hon. Ronald M. Mottl (chairman of the subcommittee) presiding.

Present: Representatives Mottl, Daschle, Hammerschmidt, Solomon, McEwen, Dunn, and Smith of New Jersey.

OPENING STATEMENT OF CHAIRMAN MOTTL

Mr. Mottl. The subcommittee will come to order.

This morning we'll be conducting a hearing on two measures that are of vital interest to the State-extended health care facilities. In fiscal year 1980, the 43 homes in 31 States and the District of Columbia provided care to 11,400 veterans each day. Most of these are older veterans, so you can see that this program is an essential part of the VA's extended care program. These 43 State extended care facilities include 41 that provide domiciliary care, 38 that provide nursing home care, and 7 that provide hospital care.

The first bill we will consider is H.R. 2832, a bill introduced by the Honorable Cooper Evans of Iowa, which would amend the 641 title 38, United States Code, to require the VA to pay participating States a per diem rate equal to 30 percent of the average per diem cost of providing care in Veterans' Administration facilities; that is, domiciliary, nursing home, and hospital care. The bill would further provide that such per diem payment would not exceed 50 percent of the current cost of care for any veteran in a state extended care facility, and that the Administrator would redetermine the per diem rates to be paid at least once each year.

Currently, the VA reimburses each State at the per diem rate of $6.35 cents for domiciliary care; $12.10 for nursing home care; and $13.25 for hospital care. The average cost for such care in all VA facilities, as reported in June 1981 by the agency, is $31.88 for domiciliary care; $81.18 for nursing home care; and $171.66 for hospital care. It was never the intent of Congress that the payment of per diem to the States would be other than a participatory program, as opposed to the 50-50 sharing program.

The second measure we will discuss this morning is H.R. 4025, which I introduced at the request of the administration, to amend section 5033, subsection (a) of title 38, to extend the grant authority of the Administrator of Veterans' Affairs for the construction, modernization, alteration or repair of State extended care facilities. The current grant authority expires September 30, 1982. This authority provides that the amount of such grants to States will not exceed 65 percent of the estimated cost, and that no State may receive in any fiscal year more than one-third of the funds appropriated for that purpose.

As I stated earlier, currently there are 31 States and the District of Columbia operating approved extended care facilities for veterans. It is my understanding that there are 35 applications for construction projects on hand, with the price tag for the VA of $84 million. Public Law 96-151 removed the limitation of $15 million per year on this grant program. Therefore, for the fiscal years 1981 and 1982, such sums as may be necessary have been authorized for appropriation.

Even with an estimated 35 applications for grants for construction projects in which the VA's share would be $84 million, the VA has been permitted to request an appropriation of only $18 million in fiscal year 1982. Admittedly this is better than the $15 million budgeted for fiscal year 1981, but it falls far short of bringing this program up to a point where it would be considered current.

It has been well documented that we need to supplement the VA's own extended care facilities to care for the large number of World War II veterans who are rapidly approaching the average age of 65. For this reason, I believe it is essential for us to consider an extension of the grant program for a minimum of 4 additional years, through September 30, 1986.

Before we call our first witness this morning I would like to call upon our distinguished ranking minority member, the Honorable John Paul Hammerschmidt for any opening remarks he may have.

STATEMENT OF HON. JOHN PAUL HAMMERSCHMIDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. **Hammerschmidt**. Thank you, Mr. Chairman.

I want to compliment the chairman for scheduling hearings on these two important measures that, to a great extent, establish the parameters of the relationship between the States and the Federal Government in the operation of State veterans homes. With the care of elderly veterans becoming a problem of increasing urgency, State veterans homes are an essential component of the total resources available to deal with this problem. Compared with the cost of caring for veterans in VA facilities, they are usually more economical and veterans who reside in them are enabled, in many cases, to remain closer to their homes and families.

H.R. 2832 proposes the establishment of a formula that bases the per diem on the average cost for providing various levels of care in VA facilities. The rate would rise and fall without the intervention of further legislation. Enactment of H.R. 2832 would therefore establish another entitlement at a time when many Members of Congress and the Administration believe some entitlement programs have put the Federal Government in an economic straightjacket.

This is not to say, Mr. Chairman, that this is not worthwhile legislation. I only point out one of its implications that deserves close attention. There are others, and I look forward to hearing the testimony of our witnesses on both the measures before us with the hope that all of these questions may be resolved.

Thank you, Mr. Chairman.

Mr. MOTTL. Thank you very much, Mr. Hammerschmidt.

Our first witness this morning will be the Honorable Cooper Evans of Iowa. Cooper, we want to welcome you this morning and express our appreciation for your introduction of H.R. 2832. This is a very important measure. You may proceed as you see fit. You may summarize your statement. In either case, your complete statement will be placed into the hearing record without objection.[1] Cooper, welcome.

STATEMENT OF HON. COOPER EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. EVANS. Thank you, Mr. Chairman and members of the subcommittee. I do have a rather short statement.

It is, indeed, a pleasure to appear before you this morning on behalf of H.R. 2832 and on behalf of the 15 other Members of the House that have joined me in sponsoring this legislation, because it not only provides me the opportunity to outline the reasons for my introduction and support of the bill, but in addition, allows me to publicly recognize the valuable contribution of our State veterans homes to the veterans and communities that they serve.

H.R. 2832 provides for a more equitable determination of the amount of Federal support for State veterans homes, providing care to veterans who are qualified to receive similar care in Veterans' Administration facilities. Under current law, the amount of payment for each class of care is fixed at a per diem rate under the statute. There is no provision for adjustment to compensate for the effects of inflation, changes in costs or methods of providing care, or other factors which would change funding needs.

Recent experience has shown that the lack of a provision for adjustment has required regular requests for congressional consideration and action to adjust the per diem rates for these classes of care. Under H.R. 2832 the VA Administrator would be required to conduct an annual revision of the per diem rate of payment of each class of care. The formula for this payment would be based on 30 percent of the average cost of providing that type of care in all VA facilities during the previous fiscal year. The bill contains an additional cost cap which provides that no Federal support for a State veterans home will be allowed to exceed 50 percent of the average cost of providing a particular type of care in that State veterans home.

The Iowa Veterans Home is located in my district. It provides three classes of care: domiciliary, nursing, and hospital. And each time I visit the facility, I am able to observe firsthand examples of the outstanding care that our veterans receive in these homes. And not only is the care provided of the highest quality, it is frequently provided at much lower cost than in facilities operated by the VA or in private facilities providing care under VA contracts.

I am aware, Mr. Chairman, that the Veterans' Administration has registered its opposition to this legislation and it would seem that it is an appropriate point to stress that it is the VA which would be forced to stretch its limited facilities even further, as well as pay much higher costs to care for these veterans if their needs were not being met by the State veterans homes. It is evident that this bill will mean larger payments to State veterans homes. This would also be true if the bill simply raised the fixed per diem rates, since it is certainly already necessary to adjust for inflation. Such a proposal would do little to prevent the need for future legislative action, and it is this problem which H.R. 2832 attempts to resolve.

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[1] The prepared statement of Hon. Cooper Evans appears on p. 31.

I might add that I believe that three times in the last decade, this committee and the Congress have had to address this problem of revising upward the per diem allowances, and there is certainly strong evidence that barring actions such as are proposed in this bill, that it will be a frequent matter of discussion before this committee in the future, and it is this problem which H.R. 2832 attempts to resolve.

The initial cost of this bill contains the catchup needed to bring these payments into line. Future payments will require smaller adjustments as the new rate will be limited to 30 percent of the change in the average VA cost to provide each class of care.

In short, Mr. Chairman, this bill provides the framework for a funding system which recognizes the changing needs of our State veterans homes, yet contains caps which prevent runaway growth in the costs of the program. I am pleased that members of the subcommittee will have the opportunity this morning to hear from Mr. Harry Warren and Mr. Jack Dack concerning this bill. Mr. Warren is president of the National Association of State Veterans Homes, and Mr. Dack is the legislative chairman. And I would like to add that Mr. Dack is also the commandant of the Iowa Veterans Home in Marshalltown, Iowa, and a good personal friend of mine. I would like to recognize their contribution to the development of this legislation and their efforts on behalf of their members and the veterans they serve to obtain its passage.

At an appropriate time, Mr. Chairman, I would be happy to answer any questions, and I thank the members of the subcommittee for the opportunity to appear before you today on behalf of H.R. 2832.

Mr. Mottl. Cooper, the subcommittee would like to thank you for the nice job you did this morning.

Mr. Hammerschmidt, do you have any questions of Mr. Evans?

Mr. Hammerschmidt. I have no questions, but I would like to thank Cooper Evans for his very fine testimony and for his initiation of this idea. I will have questions of subsequent witnesses. Thank you, Cooper.

Mr. Mottl. Thank you, gentlemen.

Mr. Dunn?

Mr. Dunn. No questions.

Mr. Mottl. Thank you very much, Cooper, for being here with us this morning. Nice job.

Next we will hear from Dr. Turner Camp, Associate Deputy Chief Medical Director for Operations, Veterans' Administration. Dr. Camp?

Incidentally, the Chair will announce at this time that we will reserve all questions. We'll ask that the witnesses stand by after they've testified here this morning. Then we will bring back all of the witnesses except for Cooper Evans. I know he has a busy schedule this morning. If he'd like to leave, fine. Everyone else we're going to ask to stay for some questions.

Dr. Camp, it's a pleasure to have you here this morning. Without objection, your entire statement will be submitted for the record and you may summarize or read, whatever you feel comfortable doing.[1] Then if you'd just stand by after you've given your testimony, we'll have the other witnesses come forth, and we'll have some questions later.

STATEMENT OF DR. TURNER CAMP, ASSOCIATE DEPUTY CHIEF MEDICAL DIRECTOR FOR OPERATIONS, VETERANS' ADMINISTRATION; ACCOMPANIED BY RALPH IBSON, DEPUTY ASSISTANT GENERAL COUNSEL; PAUL HABER, ASSISTANT CHIEF MEDICAL DIRECTOR FOR EXTENDED CARE; STEWART BAKER, ASSOCIATE DIRECTOR, MENTAL HEALTH AND BEHAVIORAL SCIENCES SERVICE; AND JULE MORAVEC, DIRECTOR, DEVELOPMENT AND MANAGEMENT SERVICE

Dr. **Camp**. Thank you very much, Mr. Chairman, members of the subcommittee, and esteemed staff. I am pleased to appear before your subcommittee to discuss the program of assistance by the Veterans' Administration to State Homes. Accompanying me today, of course, on my far right are Dr. Stewart Baker, Associate Director, Mental Health and Behavioral Sciences; Dr. Paul Haber, next to me, who is Assistant Chief Medical Director for Geriatrics and Extended Care; on my left Mr. Ralph Ibson of the General Counsel's office

I would like to talk about the two proposals of which you are aware. They are H.R. 2832 and H.R. 4025. Mr. Chairman, with your approval, as you stated, I will summarize my remarks and then leave the formal presentation for the record.

The VA has long recognized the State home program as a vital resource for meeting the extended care needs of our aging veteran population. Current VA planning anticipates continued growth and reliance on the State home program, which includes both construction assistance and per diem payments for domiciliary, nursing home, and hospital care.

Because of the importance of State homes to our veterans we submitted to the Congress proposed legislation to extend the period of our authority to provide grants for construction of State home facilities. Mr. Chairman, I appreciate your introducing this initiative as H.R. 4025 and for scheduling this hearing on this important legislation.

Section 1 of H.R. 4025 would extend this program 4 more fiscal years, through fiscal year 1986, at "such sums as may be necessary" annually to carry out such a program. Mr. Chairman, current VA plans call for continuing reliance on State home extended care facilities to meet the future needs of increasing numbers of elderly veterans, perhaps threefold in 15 years. They will require extended care prior to the end of this decade.

Mr. Chairman, section 104 of Public Law 96-22 authorized the VA to conduct a broadened treatment and rehabilitation program on a 5-year pilot basis for veterans suffering from alcohol or drug dependence. The Administrator was authorized to utilize a broader range of treatment modalities than previously authorized under title 38 and was authorized to contract for halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities. The Administrator was also required to report to the Veterans' Affairs Committees of the Senate and the House of Representatives by March 31, 1983, on the findings and recommendations specifically pertaining to the operation of the pilot program through September 30, 1982.

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[1] The prepared statement of Dr. Turner Camp appears on p. 32.

The fact that the period of service to be analyzed for the mandated evaluation report covers only the first 2 years of the full 5-year program limits both the quantity and scope of the VA study data. Section 2 of H.R. 4025 would extend by 1 year the operating period covered by this report and would extend the report date by 1 year until March 31, 1984. Enactment of section 2 of this bill would not involve any additional costs to the VA since it does not extend the operating or reporting period beyond the originally authorized lifetime of the pilot program. Mr. Chairman, the VA favors enactment of both sections of H.R. 4025.

The second proposal before the subcommittee, H.R. 2832, would change the method of computing per diem payments to States for State domiciliary, nursing home, and hospital care for veterans otherwise eligible for care in VA facilities. This bill would provide that the per diem costs for each mode of care would be 30 percent of the average per diem costs for the respective care in VA facilities for the preceding fiscal year, not to exceed one-half the current per diem costs of veterans care in a State home.

Periodically, legislation has been enacted to increase the per diem rate for State veterans homes. However, it appears that this bill would provide a "built in" mechanism to automatically increase the per diem rate, based on nationwide VA costs for domiciliary, nursing home and hospital care. It is our opinion that this was not the intent of the State home program, nor is it in keeping with the administration's goal of clearly distinguishing between the appropriate role of the State and Federal Government.

This participation would not include other forms of Federal contributions to the veterans or to the State homes on their behalf, such as pension, aid and attendance, medicare, and medicaid. In fact, it should be noted that in addition to direct VA payments, State homes also collect from these other Federal sources to offset their cost of support to the veteran.

While we may agree in principal that periodic increases for nursing home care and domiciliary care for nursing homes may be justified, we are concerned that with the budgetary constraints we are facing and our commitment to reducing all our necessary spending, the additional costs to the VA mandated by this bill could result in decreases in other areas of the medical care budget.

We have found the current formula for determining per diem costs for State homes to be straightforward and to have operated adequately. On the other hand, the formula in H.R. 2832 is dependent on the per diem costs at each State home, and would place administrative burdens and therefore additional costs on the Veterans'[1] Administration in computing per diem rates for each quarterly claim.

In our view, enactment of this bill would not appreciably increase the quality of medical care to veterans in State homes. However, enactment of H.R. 2832 would adversely affect our ability to maintain existing program commitments to veteran beneficiaries. We therefore oppose enactment of H.R. 2832.

Mr. Chairman, this concludes my informal remarks about the relationship between the VA and State homes. My staff and I will be available for questions, as you have recommended. We will submit the formal statement for the record.[1] Thank you.

Mr. MOTTL. Thank you very much, Doctor. We appreciate the fine job you did here this morning, and if you'll just be kind enough to stand by now, we'll hear from our next witness, Mr. Harry A. Warren, president, National Association of State Veterans Homes. Mr. Warran will be accompanied by Mr. Jack Dack, chairman, Legislative Committee, National Association of State Veterans Homes.

Mr. Warren, Mr. Dack, welcome. Your entire statements will be submitted into the record without objection,[2] and you may proceed, and hopefully you can summarize or whatever way you feel comfortable at proceeding.

STATEMENT OF HARRY A. WARREN, PRESIDENT, NATIONAL ASSOCIATION OF STATE VETERANS HOMES; ACCOMPANIED BY JACK DACK, CHAIRMAN, LEGISLATIVE COMMITTEE, NATIONAL ASSOCIATION OF STATE VETERANS HOMES; AND EDWARD WHITE, IOWA STATE HOME BUDGET ANALYST

Mr. WARREN. Thank you, Mr. Chairman and distinguished members of the committee.

Mr. MOTTL. Would you introduce your other colleague at the table with you, please, besides Mr. Dack.

Mr. WARREN. All right, sir. The gentleman on my right is Mr. Jack Dack, commandant of the Iowa Veterans Home. The other gentleman over here is Mr. Edward White, the budget analyst from the Iowa home.

Mr. MOTTL. Thank you very much, Mr. Warren. You may proceed.

Mr. WARREN. As president of the National Association of State Veterans Homes, it is my pleasure to thank this august body for inviting us to present testimony on H.R. 2832 and H.R. 4025. Also representing our association here today, in addition to Mr. Dack from the Iowa Veterans Home who is chairman of our legislative committee, other members of our legislative committee include Mr. Fred Frehl, commandant from the Michigan Veterans Home; Mr. Gene Copenhaven, the Director of the Department of Veterans Affairs, State of Oklahoma; also Mr. Douglas Kemp, the assistant director of that facility; Mr. Jerry Stewart, the administrator of the Oklahoma Veterans Center in Sulphur, Okla.; and Mr. Charles Lorentz, who is the administrator of the Oklahoma Veterans Center at Clinton, Okla. I've already introduced Mr. Ed White.

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[1] See p. 32.

[2] The prepared statement of the National Association of State Veterans Homes appears on p. 34

We also have several members of the nationally chartered service organizations here today, from the Veterans of Foreign Wars, the Disabled American Veterans, and the AMVETS. We understand that the American Legion will be testifying on behalf of these bills.

The Veterans' Administration has provided excellent leadership in this Federal-State sharing arrangement for providing care for disabled veterans. However, because of the rapidly rising costs of providing health care, increased standards for care prescribed both by the Federal and the State agencies and our endeavor to provide essential health care, our association seeks a more equitable formula for making reimbursement to the States and to extend the authority for the construction grant program.

We represent 38 State homes in 34 States and the District of Columbia. We provide over 4 million days of care, being the second largest provider of health care to veterans. Also, we want to assure you of our desire to furnish a high quality of care, and we believe that your committee feels that veterans are entitled to such care.

Mr. Chairman, the testimony that our association will present this morning for the two bills in question will be presented by Mr. Jack Dack, chairman of our legislative committee.

Mr. MOTTL. Mr. Dack?

Mr. DACK. Mr. Chairman and members of this distinguished committee, it is a privilege on behalf of the members of the National Association of State Veterans Homes to be allowed the opportunity to appear before the committee and present testimony pertinent to legislation vital to one of the Nation's health care programs for veterans, the State veterans home program. I am especially pleased that my Representative, the Honorable Cooper Evans of the Third Congressional District of the great State of Iowa, took time out of his busy schedule to appear on behalf of the Nation's elderly veterans and for his kind words.

The position of the National Association of State Veterans Homes in support of legislation to amend title 38 of the United States Code to provide a more equitable formula for payments by the Administrator of Veterans Affairs to States for the costs of care provided in State veterans homes. Mr. Chairman, page 1 and 2 of the testimony reflects the history of the Federal assistance to the States, to the State veterans home program, the evolution of per diem reimbursement from 1888 through 1980. On page 2, two dates are of particular significance in the foregoing evolution. The first significant change was the 1939 amendment which recognized the evolution of the State veterans home concept so that Federal assistance was granted for hospitalization and a hospital operated on State veterans home premises.

Despite the opposition of the then Administrator of Veterans Affairs, the Senate accepted the so-called Walsh amendment and the Congress enacted a statute setting an allowance for hospital patients in State veterans homes at the same rate as that permitted for domiciliary patients. Continued evolution brought an allowance for nursing home care, particularly when the concept became of decided importance to the Veterans' Administration.

The second significant change occurred in 1960 when the philosophy of annual payments to State veterans homes for veterans staying in such homes changed to one of per diem payments, rather than the former annual allowance. Basically, however, H.R. 2232 does depart from the traditional and arbitrary method of selecting sums for per diem payments and replaces that practice with a title formula that would allow the Federal Government to reimburse in part, the States for their costs incurred in providing domiciliary care, nursing home care, and hospital care in State homes to veterans eligible for such care in Veterans' Administration facilities.

A type of partnership, albeit an inequitable one, has existed between the various States and the Federal Government for almost a century. If we review the debates on the original act of August 27, 1888, we find that this initial statute for monetary allowances to State veterans homes was, in effect, an invitation to the States to share the burden of domiciliary care for veterans with the Federal Government. As was stated in the Senate Committee on Military Affairs Report, S. 2116 at that time, "We propose simply to admit them to State homes for disabled soldiers upon the same terms on which they are now admitted to national homes."

An exhaustive review of this whole relationship is contained in report number 1377 of the House of Representatives, 90th Congress, second session. We respectfully submit that this impartial, detailed study clearly establishes a partnership between State and Federal governments in the State veterans home operation. However, the partnership has found the Federal Government contributing a smaller percentage of the costs of maintaining a veteran in a State veterans home. The latest data we have available is that of the fiscal year ending September 30, 1980, from Extended Care, Department of Medicine and Surgery, Veterans' Administration, Washington, D.C. This data shows the sharing of State home costs by the Veterans' Administration as being 23.4 percent of the total costs.

The actual average per diem costs in State veterans homes for each category of care during fiscal year 1980 was $23.74 for domiciliary care against a maximum Veterans' Administration allowance of $5.50; $40.81 for nursing home care against a maximum Veterans' Administration allowance of $10.50, $71.97 for hospital care, against a maximum Veterans' Administration allowance of $11.50.

It seems evident from the foregoing that the Federal Government is carrying a smaller share of the costs in maintaining veterans in State veterans homes, despite the help which the Congress has always given us with per diem legislation. This fluctuating, inequitable pattern has existed for years. For example, if we consider the total cost sharing in all categories of care, we find on pages 4 and 5 of the testimony the table demonstrating this pattern for the years fiscal year 1970 through fiscal year 1980, ranging from 35.3 percent to 23.4 percent of the costs.

On page 5, fiscal year 1970 was selected to begin the table, because Public Law 91-178, Public Law 93-82, Public Law 94-417 and Public Law 96-151 all became effective during the period resulting in increased Veterans' Administration contributions. Therefore, we felt it only fair to use a block of time when the Congress was continually helping us.

It should be noted that Public Law 94-417 with its per diem increases in all categories of care, had an effect of reducing the State share somewhat in fiscal year 1976 and a bit more during the transitional quarter, when it was fully operative. However, it is ironic that the increased Federal percentage, relatively small though it was, did not last because of inflation trends noted during fiscal year 1977 and fiscal year 1978. Despite Public Law 96-151, the per diem increase effective January 1, 1980, there has been little relief as the cost spiral continues to rise due to double-digit inflation and the VA per diem rates being fixed under present law. Therefore, whatever temporary assistance given to the States under existing legislation will be lost as time goes on, unless there is a change in the method of reimbursement which provides a mechanism for an annual review and adjustment.

It is for this reason that we support H.R. 2832, because it represents a different method of computing Veterans' Administration per diem reimbursements, and we believe it will reduce the existing cost sharing inequities. Essentially, H.R. 2832 would require the Administrator of Veterans Affairs to provide that per diem reimbursement for State home domiciliaries, nursing homes, and hospitals to be determined by taking 30 percent of the average per diem costs in Veterans' Administration facilities for the preceeding fiscal year, but not to exceed one half of the per diem costs of veterans care in a State home paying to the individual States, whichever is the lesser.

There are several benefits which shall occur. First there will be a more equitable cost sharing between the States and the Federal Government, but with the Federal Government bearing less than 50 percent of the per diem costs of maintaining veterans in State veterans homes. There is a built-in cost-of-living escalator, but this one can also act as a deescalator. If the per diem costs of care on a parenteral care basis within the Veterans' Administration facilities continue to rise and inflation continues, then inevitably all costs shall rise, including those of State veterans homes. However, if we have a period of deflation where the Veterans' Administration costs of health care is reduced, than all costs, including those of the homes, should follow that trend.

H.R. 2832 provides for either situation by its formula accrediting payments on incurred costs. The repetitive acts of the Congress will not be necessary for per diem payments to State veterans homes, if this bill is passed. No longer shall we be continually knocking on the door of Congress year after year, trying to achieve a more equitable sharing. This is not to imply that we have received anything but a warm welcome from the Congress, despite our many visits, but it shall no longer be necessary to repetitively take up the time of Congressmen and Senators, as has been the case in the past, for per diem payments.

The caps on the reimbursement factor in H.R. 2832 are such that payment is based upon the level of care costs incurred within the Veterans' Administration facilities of the previous fiscal year, or 50 percent of the current costs within the individual State home, whichever is the lesser. We estimate the annual increased cost of H.R. 2832 to be $27 million for all levels of care, if implemented in 1981.

This is a small increase, when compared to the fact that the Veterans' Administration paid to private nursing homes $115,381,602, $36.90 per diem, for contract nursing care during fiscal year 1980, according to the summary of medical programs, September 1980, table 16, page 60, Veterans' Administration, Washington, D.C.

It is interesting to note in title 38 United States Code 620, transfers from nursing care, AII:

> The cost of such nursing home care in such an institution will not exceed 45 percent of the cost of care furnished by the Veterans' Administration in a general hospital under the direct and exclusive jurisdiction of the administrator as such costs may be determined annually by the Administrator, not to exceed 50 percent of such costs where determined necessary by the Administrator upon recommendation of the chief medical director to provide adequate care.

Within the Veterans' Administration nursing care units, the 2,544,878 days of nursing care provided by State veterans nursing homes, fiscal year 1980, would have cost the Veterans' Administration $154,140,735, $75.39 per diem nursing care. State veterans homes were paid only a total of $35,210,938 in fiscal year 1980 for all three categories of care, domiciliary, nursing care and hospital.

Fourty-six State veterans homes in 33 States and the District of Columbia provided 4,172,314 days of care. When one compares Veterans' Administration and State veterans home costs and then considers the present per diem reimbursement payments, the basic inequity of the present system is sharply deliniated. For example, the Veterans' Administration statistics from the Office of the Veterans' Administration comptroller for fiscal year 1980 showed per diem costs as follows: on page 8, VA domiciliary, $29.39; State veterans home domiciliary, $23.40; per diem rate for State homes, $5.50; VA nursing home care patients, $75.39; VA contract nursing home care patients, $36.96; State veterans home nursing home care patient, $40.81; per diem rates for State homes, $10.50; VA hospital medical bed section, $159.10; State veterans home hospital, general, $71.97; per diem rates for State homes, $11.50.

It is obvious from the foregoing that when a veteran is provided health care services in a State veterans home, that home almost always does the job at a lesser cost than the Veteran's Administration. This is understandable because of several factors, such as salaries, research, et cetera. However, what is not so palatable is the concept of reimbursing the community contract nursing homes on a percentage formula basis. Title 38, United State Code, section 620(a)(ii), persons reimbursing State veterans homes on a fixed per diem basis.

For example, in fiscal year 1980 this inequitable system resulted in the reimbursement to community contract nursing homes at an average rate of $36.96 cents per patient day, while State homes received only $10.50 per patient day. On a cost comparison basis, the above table clearly illustrates that the Veterans' Administration is receiving a bargain for every veteran maintained in a State home.

On no matter what the basis of comparison—statistical, costs, or both—we believe that State veterans homes have a case for the passage of H.R. 2832 with all of its mutual benefits, yet we would be entirely remiss if we stopped at only statistics and costs. Again, may we respectfully submit that the quality of care given in State veterans homes to the veterans whom we are privileged to serve is at a level of which we can be proud. True, some of our homes are old, and do not have the privacy we are now striving for. Some of us are continually fighting for new equipment and furnishings. Others among us are more affluent. However, whether old or new, we think it can safely be said that we all are aware that behind every statistic and every cost there is a person—in our case, a veteran—who receives every measure of support we can give. And we believe that support is the very best we can achieve.

In furthering our thesis that we provide a quality of care to our veterans, may we refer to only one source: House Committee Print No. 36, June 7, 1977, on health care for American veterans by the National Academy of Sciences, National Research Council. We are aware of this report. It's controversial in terms of its many findings and recommendations; however, we doubt that there will be any argument on the recommendation which encourages the Veterans' Administration to explore the possibility of enlarging the States' role in providing long-term care to veterans.

Indeed, it is further recommended that surplus Veterans' Administration hospitals, if other recommendations are carried out, be turned over to the States who wish to convert them to State veterans homes. Regardless of the controversial aspects of the report, it seems to us that the State veterans homes recommendations from this prestigious body are a decided compliment to the quality of care we render.

It is more important than ever that the State home program receive additional assistance, in terms of the veterans who will need both Veterans' Administration and State home services in the relatively near future. Veterans' Administration estimates of September 30, 1981, cite a total of 30,037,000 living veterans, of whom the largest group is 12,136,000 World War II veterans. The average age of the World War II group is estimated by the Veterans' Administration to be 61 years.

In September 1981, correspondence with the legislative chairman, National Association of State Veterans Homes, the Administrator of Veterans' Affairs, Veterans' Administration, Washington, D.C., commented in part:

> It has long been recognized that the State home program is a high quality, cost-efficient alternative to the provision of extended care in facilities of the Veterans Administration. The Veterans Administration presently anticipates continued growth in this program to help meet the future demands for extended care of the aging veteran population.

However, many States are finding that the ravages of recession, inflation, and unemployment are eroding their ability to continue subsidizing the ever-increasing cost of care without a more equitable sharing of these costs by the Federal Government. It is this huge body of World War II veterans, the largest this country has ever known, who are reaching an age at which increasing demands will be made on every type of Veterans' Administration and State veterans home facilities during the next 10 years. It will be most difficult, if not impossible, for most of the States to meet these demands without more equity in the partnership with the Federal Government.

This is all we are asking with H.R. 2832. We urge your favorable consideration for this concept. The attached tables in the testimony reflect the statistical information validating our concept as cost effective when compared to Veterans' Administration expenditures on a per level of care basis, within Veterans' Administration facilities. It also demonstrates the caps which allow for cost containment being tied again to the rise or fall of health care services within the Veterans' Administration.

Although the tables are self-explanatory, the national association is always available to discuss the information in depth pertinent to the formula concept, and the process of implementation, with the committee.

Mr. Chairman, I want to thank you and your colleagues for allowing me this opportunity.

Mr. MOTTL. Thank you very much, Mr. Dack, Mr. Warren, Mr. White. If you will be kind enough to just stand by for some questions, I'll get the other two witnesses here.

Next we will hear from Mr. James N. Magill, special assistant, national legislative service, Veterans of Foreign Wars; and Mr. Stephen L. Edmiston, administrative assistant, Disabled American Veterans. If they both can come forward, we will hear first from Mr. Magill.

STATEMENT OF JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICES, VETERANS OF FOREIGN WARS

Mr. MAGILL. Thank you, Mr. Chairman and members of the subcommittee, for the privilege of appearing before this distinguished subcommittee to present the views of the Veterans of Foreign Wars of the United States with respect to the two bills before the subcommittee today, H.R. 4025 and H.R. 2832.

At the outset, I would like to thank you for holding this hearing, demonstrating your and the subcommittee's continuing concern for the Nation's elderly veterans. The VFW has been concerned about the care being received by the growing number of elderly veterans in the United States, and has expressed this concern before this subcommittee and other congressional committees on numerous occasions. We are cognizant of the increasing average age of veterans requesting assistance either through the VA or the State home system, and believe increases in the number of facilities along with the upgrading of those currently in use is of great importance.

As is evidenced by the statistics which are supplied in my written testimony,[1] the need for an efficient and modern State homes system is vital in light of the fact that the VA's nursing homes are filled to capacity, and there are long waiting lists for admission to most of them. It is obvious that a coordinated effort must be encouraged and sustained to meet this increasing demand.

The VFW supports H.R. 4025, introduced by you, to extend through September 30, 1986, the authority of the Administrator of the VA to make grants to the various States to assist in the construction, alteration, modernization, and repair of State veterans extended care facilities. It should be noted that the VFW is gratified to see that an increase in State grants was deemed appropriate in the fiscal year 1982 budget.

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[1] See p. 77.

Mr. Chairman, H.R. 2832, introduced by the Honorable Cooper Evans, would amend 38 U.S.C. 641 to provide for a more equitable formula for payments by the Administrator of Veterans Affairs to States for the cost of care provided to eligible veterans in State nursing homes. The VFW supports H.R. 2832, requiring the Administrator to redetermine at least once every fiscal year and establish the rate for such care at 30 percent of the average per diem cost for a veteran in a VA facility, but not to exceed 50 percent of the total cost incurred by the State home.

We believe this formula would be of a more equitable nature than what is currently in practice, and would allow the State home system to continue to provide a vital service to our Nation's elderly veterans, while at the same time increasing both the quantity and quality of that care.

Mr. Chairman, in conclusion, the Veterans of Foreign Wars would once again like to commend this subcommittee for holding this hearing and showing its deep and continued concern for our Nation's elderly veterans. Thank you.

Mr. MOTTL. Thank you very much, Mr. Magill. We appreciate your fine testimony here this morning. Next we will hear from Mr. Edmiston.

Mr. EDMISTON. Good morning, Mr. Chairman.

Mr. MOTTL. How are you?

Mr. EDMISTON. Fine, thank you.

Mr. MOTTL. You may proceed. Both of your entire statements will be submitted for the record in their entirety, without objection. You may proceed.

STATEMENT OF STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS

Mr. EDMISTON. It's a pleasure to be here before you this morning on behalf of the 662,000 members of the Disabled American Veterans. I wish to thank you and the members of the subcommittee for inviting us here today to present our views on H.R. 2832 and H.R. 4025. Both bills, presently pending before the subcommittee, would directly impact on State veterans homes that provide domiciliary, nursing home and hospital care for many of this Nation's veterans.

H.R. 2832 proposes to provide a more equitable formula for payment by the VA to States for the cost of care provided to eligible veterans in State veterans homes. H.R. 4025 proposes to extend the authority for the program of grants to States for State home facilities that furnish eligible veterans domiciliary, nursing home and hospital care.

Mr. Chairman, over the last decade the domiciliary, nursing home and hospital care provided for this Nation's veterans by the State veterans homes has been invaluable in terms of offsetting, to some degree, the severe losses suffered by the VA's health care system. Recognizing the significance and the important role of the State veterans homes in terms of care provided to the rapidly aging veteran population and the cost-effective use of Federal taxpayer dollars that supplement this program, we believe it is wise, as well as prudent, that the U.S. Congress continue reasonable financial support, within the present fiscal constraints, for this necessary program.The DAV does support the continuation of the grants to

States program for the construction and remodeling of State veterans homes, as well as legislation to provide a more equitable cost-sharing arrangement between the Veterans' Administration and the State veterans homes.

Therefore, we would urge the subcommittee to give serious consideration to H.R. 2832 and H.R. 4025, or similar legislation designed to improve the services extended to veterans by State veterans homes. Again, Mr. Chairman, I appreciate the opportunity of being here this morning.

Mr. MOTTL. Thank you very much, Mr. Edmiston and Mr. Magill. You did a fine job here this morning. We appreciate your efforts on behalf of your service organizations.

My understanding is that the other service organization will submit statements. The record will be held open until they are submitted.[1]

If you will remain at the table, and if we could have the other witnesses join you—that's Dr. Camp, Mr. Warren, Mr. Jack Dack, Ed White—if you could all appear at the witness table, I have some questions initially here for Mr. Warren and Mr. Dack.

The table on page 3 of your testimony shows the percentage of State home costs paid the VA per diem and other support. What does other support include? Mr. Dack?

Mr. DACK. Mr. Chairman, the other support includes those costs that are picked up by the various States through the mechanisms that they utilize to fund their State veterans home programs, through appropriations from their legislature and the various other programs that they have in resident payments and so on.

Mr. MOTTL. Mr. Casteel, do you want to follow up on that?

Mr. CASTEEL. Mr. Dack, you say "other mechanisms." Could you explain the other mechanisms? What is the source of these funds? Is it from the veteran and his family?

Mr. DACK. It will range from the veteran—it will come from State appropriations, as far as I am aware, in our State. There are various programs within other States. I don't know what their mechanism would be.

Mr. CASTEEL. Let me ask you a question about State appropriations. It's my understanding that in most States, at least, when the VA pays to a State home a per diem for the support of a veteran in a State home or a State nursing care unit that these funds do not go directly to the home but go to the State treasury. Is that correct?

Mr. DACK. Mr. Casteel, I cannot answer for all States. In the State of Iowa, the per diem check comes to the State veterans home. Then this check is submitted to the Treasury of Iowa.

However, we receive an initial appropriation from the general assembly so that we are able to provide the care services required on a continuing basis. These funds then in turn go back to the general treasury of Iowa.

Mr. CASTEEL. Can you give an estimate of what percent of these funds?

Mr. DACK. Eighteen percent.

Mr. CASTEEL. Come from?

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[1] Retained in committee files.

Mr. **Dack**. The Veterans' Administration, on per diem reimbursement.

Mr. **Casteel**. How about some other sources, other than direct State revenue?

Mr. **Dack**. Twenty-eight percent from our veterans.

Mr. **Casteel**. Twenty-eight percent from the veterans. OK.

Mr. **Mottl**. What percent from the State, then, actually?

Mr. **Dack**. It would be 54 percent from the State. That will vary from year to year, and as the years go on with a fixed reimbursement level. Then the Federal participation gets less and less, and the State has to pick up those increased costs.

Mr. **Mottl**. What efforts has the association and individual homes made to find alternatives to increased VA funding?

Mr. **Dack**. Mr. Chairman, I cannot, again, speak for all of the homes, but I can speak for the State of Iowa. In these past 2 years, with this budget crunch, with the reduced amount of funds available for people programs within the State, there has been tremendous pressure exerted—as a matter of fact, at the Iowa Veterans Home, we presently have 37 hospital type care beds that are unfunded and are vacant. We have 180 beds—a building that was dedicated in May, that will not go on line until January 1, 1982, due to budget restrictions. And it is my personal feeling that with a different approach to reimbursement, a more equitable cost sharing, I feel the State would be in a position to reevaluate and provide the necessary funds to possibly open this particular facility up sooner, or those beds sooner, because we would be getting a greater sharing potential.

Some States are questioning whether or not the care for veterans is a State responsibility. I think that we are going to hear more and more of this.

Mr. **Mottl**. Can you answer for all States, basically, or just for Iowa?

Mr. **Dack**. I cannot talk for all the States, but in talking with my colleagues, they're all experiencing these same problems.

Mr. **Mottl**. Do most veterans obtaining care in State homes receive a VA pension?

Mr. **Dack**. If they are eligible, yes. There are some who are not eligible. The eligibility requirements for a State home is the fact that—kind of like the Veterans' Administration they have a day in service. Then they are eligible for care. But you have to have 90 days' service for pension purposes. I believe in our facility we have around 115 veterans who do not have pensions.

Mr. **Mottl**. What percentage of veterans obtaining care in State homes are receiving VA pensions?

Mr. **Dack**. I cannot answer, Mr. Chairman, totally; however, I believe that at our facility it runs up to maybe around 80 percent, possibly. But I would think this would vary from State to State.

Mr. **Mottl**. Would it be more at other facilities?

Mr. **Dack**. I cannot answer, sir.

Mr. **Mottl**. Do you have a figure for each of the State veterans extended care facilities available, Mr. Dack?

Mr. **Dack**. No.

Mr. **Mottl**. Could you furnish that for the record? [1]

Mr. **Dack**. I am sure that we could go back to the association and gather that information for you.

Mr. **Mottl**. We would be very appreciative if we could have that for the record.

The Congress established the pension program to help veterans defray their costs of living. When veterans receive care in a VA or contract community nursing home, VA is generally required to reduce the veteran's pensions to $60 per month if the veteran has no dependents. Congress did not apply the pension reduction to veterans obtaining care in State homes, thus, additional Federal funds are available to the States.

Do all State homes charge veterans for their care? How many don't charge?

Mr. **Dack**. I believe either one or two at this time. I am only sure of one.

Mr. **Mottl**. Do or do not?

Mr. **Dack**. Do not charge. I believe there is one.

Mr. **Mottl**. That do not charge. All the rest charge?

Mr. **Dack**. I believe so—with varying methods.

Mr. **Mottl**. Do the homes use the same pension reduction criteria used by the VA?

Mr. **Dack**. No.

Mr. **Mottl**. What type of criteria do they use?

Mr. **Dack**. I cannot answer on what type of criteria all of the homes use.

We utilize a sliding formula within our State, because of the fact that our residents contribute to part of their care, due to the fact that they have to buy their clothes, they help underwrite some of the recreation activities, and so on.

We do establish this, but it is not on the same basis as the pension reduction that you are talking about.

Mr. **Mottl**. Can you furnish us the charging policy of each of the States with State extended care facilities?

Mr. **Dack**. I'm sure through the association that we could obtain that information.[2]

Mr. **Mottl**. Thank you.

At the February 1980 meeting of the association, the commandant of the State home in Massachusetts said that the home was getting about 78 percent of the costs of operating its hospital through VA per diem, private health insurance, medicare, and other sources.

To what extent are State homes taking advantage of medicare and other sources of Federal funds available to their homes?

Mr. **Dack**. Mr. Chairman, again I cannot answer that question totally for the States. But in the State of Iowa, looking at medicare, it's the assumption that first the veterans would qualify for medicare, and of course it ignores the fact that in order to become involved in medicare, if they would be eligible, the increased cost that it takes to obtain these moneys, within our State it doesn't appear appropriate for us to enter into it because of the restrictions to enter into that type of a program.

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[1] See p. 63.

[2] See p. 67.

Mr. MOTTL. Can you provide for the record a listing of homes that are certified as medicaid/medicare part A and part B providers and recoveries from medicare during fiscal 1980?

Mr. DACK. The VA—Mr. Warren has indicated that the VA has that available.

Mr. MOTTL. All right, great. Can you provide that now for the record for us?

Dr. CAMP. Yes, sir.

[Subsequently, the Veterans' Administration furnished the following information:]

In November 1978, nine State homes said they were approved for medicaid/medicare payments. VA Central Office does not have information on recovery from medicare for fiscal year 1980. Mr. Harry Warren, president, National Association of State Veterans Homes has said he will request medicaid/medicare information from State homes in addition to the other information the Association has been asked to furnish.[1]

Mr. MOTTL. Also, how many veterans obtaining care in State homes are receiving social security payments, yet another source of indirect Federal funding available to the home through the charges to the veteran?

Mr. DACK. Mr. Chairman, I cannot answer that totally.

Mr. MOTTL. Do you have a guestimate for us?

Mr. DACK. I can't even give you an estimate within our facility.

Mr. MOTTL. I think it's very important to the subcommittee that that information be furnished by your association.[2]

Mr. Dunn, do you have any questions of the panel here?

Mr. DUNN. Yes. Before I begin, let me thank Mr. Frederick Trail, the commandant of the Michigan veterans facility. I understand he's in the audience. I thank him for coming from our home State of Michigan.

H.R. 2832 calls for Federal participation in the 30 to 50 percent range.

Mr. Dack, you just indicated that the total reimbursement from the States was in the 50 percent range, so I'm wondering, along the same lines that the chairman was questioning, if the total reimbursement from the Federal Government, albeit from several different sources, is already in the range called for in the legislation?

Mr. DACK. If in the discussion of the chairman, yes. However, the total cost, even with the concept that we're asking for, would be less than 50 percent of cost to the VA.

Second, even with the concept, it would still only be about 26 percent of what it would cost for that same care within the Veterans' Administration.

Mr. DUNN. I understand that. That wasn't the question, though.

The legislation says the Federal Government should contribute 30 to 50 percent. It seems, in going through the figures, that we're already there.

Mr. DACK. No. With the concept, I think the increase would be around 43 percent across the board.

Mr. DUNN. No; you're missing my point. The chairman asked you the question, what contribution percentagewise are the States making. You said about 50 percent.

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[1] See p. 65.

[2] See p. 66.

Mr. **Dack**. Yes. In our State, 54 percent. That will vary.

Mr. **Dunn**. That means 47 percent is coming from the Federal Government through social security or pensions. These are all Federal Government plans. So the Federal Government—the point I'm making is—is already at the percentages called for in the legislation.

Mr. **Dack**. Eighteen percent in our facility is coming from Federal reimbursement, the pension that's paid to the veteran, the social security that's paid to the veteran, yes.

Mr. **Dunn**. Then we are already there.

Mr. **Dack**. Yes.

Mr. **Dunn**. The second question that I would ask the member from the Veterans of Foreign Wars and VA and Mr. Dack all to answer the question, this committee is suffering under the same budget constraints as all the other committees in the House, given *x* amount of dollars available, and I'll ask each one of the three of you, would you like to see an increase in our *x* dollars from VA to the State homes—each of the three of you, recognizing that there's a limit of dollars and we can't do both?

Mr. **Magill**. Yes. I'm not quite sure that I quite understand. Did you mean that you want to take away from other programs?

Mr. **Dunn**. That is, in essence, one of the decisions this committee would have to face.

I think I would be correct in that, Mr. Chairman.

Mr. **Magill**. We would have to say, according to our resolutions, that we would be opposed to the reducing of present programs. Our position would be, if I may say, a "pay me now or pay me later" situation. With the increased veteran population that is reaching an age where it would warrant or need nursing home care, we should work with the State system, or the VA, I would think, would be forced to or would want to improve in their own system. If they wait, it's going to cost much, much more at a later time.

Have I answered your question?

Mr. **Dunn**. The answer to the question is that if you have to make a hard choice—and this committee does have to make this hard choice between more for State homes or more for VA—you would give the money to VA; is that correct, in summation of what you just said?

Mr. **Magill**. I would say that the money should go to the VA for the expansion of this program, yes, sir.

Mr. **Dunn**. If we expand this program, what I'd try to say to you is, then we're going to be cutting back on something else in the VA, direct payment to VA hospitals.

Mr. **Magill**. We've already done that many times.

Mr. **Dunn**. Yes, sir. That's the kind of problems that we have to deal with in this time of budget austerity.

Let me put it simpler. If I had $100, should the $100 go to the VA hospitals, or should the $100 go to the State homes?

Mr. **Magill**. You're really putting me on the spot here.

Mr. **Dunn**. Sir, that's the same spot we're on every day.

Mr. **Magill**. I can understand that very much. I would have to say it would have to go to the VA, and then the VA would have to make the distribution decision.

Dr. **Camp**. Mr. Dunn, I would respond for the VA in this way. We would like the present arrangement. We are proud of our relationship with the State homes.

Some reference has been made to differential in cost. May I comment briefly on that?

Our facilities are approved by the Joint Commission on Accreditation of Hospitals, which includes our long-term care facilities. That means we have higher standards for privacy. We have different fire standards, safety standards. We have staffing standards, and we have dietetic standards.

I would also tell you that as far as our domiciliaries are concerned—and we talked about this previously before this subcommittee—we have a large number of psychiatric patients that cannot exist in the community, and we have psychiatric coverage in our domiciliaries. I believe that the State homes do not have the percentage of psychiatric patients that we take in our domiciliaries. They cannot exist in the community and so on.

The other thing, of course is, we know that the State homes have subsidization from other Federal services. And so we would like to see, if you have a fixed number of dollars, we'd keep the present arrangement.

Mr. **Dack**. Mr. Dunn, in the periods of austerity, I feel that we have to evaluate what we're receiving with the dollars in terms of service, efficiency, and economy. I think that we have to evaluate the resources. I think we have to make hard decisions, and we have to prioritize our priorities.

It is my feeling that the meager increase that we are requesting, since the caps are clearly stated in the bill, being 30 percent of the average per diem cost in the VA system in the prior fiscal year or 50 percent of the cost in the State home program, that it appears that this could be absorbed in a $22.9 billion budget.

Mr. **Dunn**. I thank you.

Mr. **Mottl**. Thank you very much, Mr. Dunn.

Mr. Daschle?

Mr. **Daschle**. Thank you, Mr. Chairman.

I first want to associate myself with the line of questioning of the gentleman from Michigan, Mr. Dunn.

I don't buy that, Mr. Dack. I tell you what, if anything can be absorbed in that budget, I'd like to find it, because it ain't there.

We have to pore over those figures, and it sounds like a whopping sum of money, but there's a whole lot of veterans out there that just aren't getting it in an equitable way, just because we haven't been able to find a way around some of the very, very serious and tough issues that we've got to face in these difficult times.

So I guess I'm going to have to be convinced of that first.

Let me ask you, under the bill that we've got before us, the per diem payments to State homes would be based, as I understand it, on an average per diem cost in VA facilities.

I have a couple of things in regard to the comparability of the levels of care provided in VA versus State home facilities.

The first question I wanted to ask in that regard is, do the State homes accept the same mix of skilled and intermediate nursing home patients provided in VA facilities?

Mr. **Dack**. We have within our facility----

Mr. **Daschle**. I'm not just asking about yours, but generally State homes across the country.

Mr. **Dack**. I'm sure that they receive residents. Whether it's right at the same percentage, I don't know.

Mr. **Daschle**. They don't have any formulated requirement that the mix be similar?

Mr. **Dack**. Yes. We have to meet certain standards prescribed by the Veterans' Administration. The Veterans' Administration approves the level of care that exists within State veterans homes, so they are involved in it.

Mr. **Daschle**. Is there an audit that goes on periodically to see that you're meeting those standards?

Mr. **Dack**. That's right. As a matter of fact, this Thursday and Friday there will be 11 reviewers at the State veterans home in Marshalltown from our clinical jurisdiction to evaluate us across the three levels of care, based on the standards which have been described by the Veterans' Administration.

Mr. **Daschle**. I guess what I'm asking, then, is, are those standards identical, similar to, or different than the VA standards?

Mr. **Dack**. I have not seen the VA standards.

Mr. **Daschle**. Could you provide us with that information?

Mr. **Dack**. Yes. The VA could provide you with the standards. They would have them readily available for the State home program.

Mr. **Daschle**. What I'd like to have is not just the standards, but an analysis of the differences and the similarities between them, if you can. Can you do that for us?

Mr. **Warren**. The standards are prescribed by the VA. They also know what the standards are for their own facilities. They're in a better position to provide this than we are.

Mr. **Daschle**. You're saying they ought to do it; they're saying you ought to do it. Do you think you can get together?

Mr. **Dack**. I'm in the State home program. Mr. Warren is in the State home program. And what I'm saying is the fact that the VA prescribes the standards.

Mr. **Daschle**. Dr. Camp, you're in the VA. Can you get it?

Dr. **Camp**. Yes. Regarding the level of care, we would tell you that we have about 70 percent category I and II. So the answer to your previous question is that we have basically sicker patients. We do look at these homes and some are very exemplary. We have some other homes that literally would not come up to the standards, applied to VA nursing home care units.

I think that in the milieu of the town and community that they're in, they provide good care. But to repeat, they don't always come up to the same standards as our nursing home care units.

Mr. **Daschle**. What you're saying is, that while you have standards, you already realize that there are some homes that don't meet your standards, but you have no enforcement rights to bring those standards up to what you would consider an acceptable level; is that right?

Dr. **Camp**. That's right, because the State will not have the funds to pull them up, for example, to the standards of the Joint Commission on Accreditation. For a domiciliary, that's not a skilled nursing home, and that's not inpatient, sophisticated care.

They are acceptable, as far as the State is concerned, and they do meet minimum VA standards.

Mr. **Daschle**. If the VA doesn't find them acceptable, you can't withhold funding? Of course, you don't have any direct funding.

I yield to the chairman.

Mr. **Mottl**. I think that's an excellent question, and I appreciate the gentleman yielding.

Dr. Camp, you know this bothers me. At least if you have no official power to close them down, I'd like for you to bring that information to the attention of the subcommittee. At least we can do something about making the public aware of nursing homes that don't meet the minimum requirements as far as the criteria for cleanliness, for proper medical treatment, or health care.

I think it would be deplorable that we have nursing homes—and you're saying that there are some——

Dr. **Camp**. What has happened, Mr. Chairman, is that the State has come to us and has said, "Would you help us? Would your group come in and tell us how to improve?" We have done that, and they have improved. And I think only recently in California, which is one of the very fine homes, we sent a team in to assist them, and they did accept our recommendations.

But technically, if we're asked to come in, we will have to give some backup. I'm a little unfamiliar with how tough we've gotten, but we do know—I will say it for the second time—some of the homes do not meet the Joint Commission on Accreditation's standards.

Mr. **Daschle**. If the chairman finished——

Mr. **Mottl**. Yes, go ahead.

Mr. **Daschle**. Is there a way you can provide the committee with that information? I would like to follow the Chairman's leadership and pursue this. I think it's extraordinarily important.

Obviously, if we're not meeting even minimum standards, this committee ought to know about it.

Dr. **Camp**. Dr. Haber?

Dr. **Haber**. I think Dr. Camp's answer goes to the fact that Public Law 88-450 deliberately proscribes the Veterans' Administration from entering into the control or management of the State homes. We have within subsequent legislation authority to help elevate the standards, but we are not permitted to enter into the control of management. That's what Dr. Camp is saying.

Mr. **Daschle**. I would yield at this time to the staff, Ralph Casteel, for a question.

Mr. **Casteel**. Dr. Camp, Dr. Haber, I think if I can ask you a question to follow up on Mr. Daschle's question, I think what he's asking—let's take hospital care, for example—do State homes provide the full range of acute care services that a VA hospital provides?

Dr. **Camp**. I would say not. There are very few that have a sophisticated tertiary care hospital, and we work closely with them. I know, for example, in California, the very ill patients from Yountville are sent to Martinez and San Francisco for sophisticated treatment.

Mr. **Casteel**. Does the VA provide, let's say, pharmacy services for patients in State extended care facilities?

Dr. **Camp**. I'll have to defer to Paul Haber on that. I believe we would have some service-connected patients that very well might receive their medication at the State home.

Dr. **Haber**. That is a fact.

Mr. **Daschle**. I'd ask, then, if that is the case, what I'm troubled by is how, then, we can appropriate a formula here or adopt a formula, I guess, that would reimburse State homes that are based on VA costs which provide acute care when some of the State hospitals don't even provide that level of care. We have two different levels of care being provided and yet one formula by which reimbursement would take place.

That seems to me not only equitable but impractical.

Mr. Dack, do you want to respond to that?

Mr. **Dack**. Yes, I would like to. The State homes do not provide what I consider acute care except probably in some instances. However, we do provide a level of care which I call intermediate hospital care. It's beyond skilled but not acute.

However, the Veterans' Administration does not break that out. And so our cost figures that we utilized were from a medical bed section, which is the closest to what we feel we provide.

The definition within the manual pertinent to hospital care does not mention the word "acute." So I feel that we are fulfilling within the definition of "hospital care" within the manual, but that's the reason we use that figure, and the VA does not have that intermediate level care in which they can break out the costs. I'm sure that they could.

Dr. **Camp**. Mr. Daschle, here's a breakdown that might help us a bit. There are currently 44 facilities with 3 annexes. These include 41 well-documented domiciliaries, 38 nursing homes, and only 7 hospitals.

For example, in Nebraska, I'm aware that from the State home there, they send their ill patients literally across the street to our hospital at Grand Island. We essentially act as the acute care facility for that State home.

Mr. **Casteel**. Dr. Camp, let me ask you this question, and you cite seven hospitals.

I would assume that in those seven hospitals operated as State extended care facilities, you are, under the law, reimbursing them at $13.25 per day.

And under the proposal that we heard this morning, they would base their 30-percent reimbursement on medical care beds in VA, ranging all the way from intermediate care to intensive care units.

Is that correct, Dr. Camp?

Dr. **Camp**. Yes, sir. That's how I interpret his discussion.

Mr. **Casteel**. If I understood Mr. Dack, all they're providing as hospital care is generally only intermediate care, which is a little more than nursing care.

Dr. **Camp**. That's the way I interpret that.

Mr. **Casteel**. How do you determine the level of payment to a State home, based on whether it's domiciliary, nursing care or hospital care? How do you do that?

Dr. CAMP. That's the group that Mr. Dack referred to. We do go in and make a bed count. And I assume a facility such as California, where there is a hospital, a grade of nursing home care and a pure domiciliary, that those are the bed counts we make, and that's what we reimburse them on.

Mr. CASTEEL. Not on the level of care, necessarily?

Dr. CAMP. I'm a little confused. It's on the level of care for domiciliary, nursing home and inpatient care; yes.

Mr. CASTEEL. And your physician determines that he's getting care comparable to that that is allowed by the law?

Dr. CAMP. Yes.

Mr. CASTEEL. In other words, if he's in the nursing home, should he be in the domiciliary? If he's in the hospital, should he be in a nursing home or in the domiciliary?

Dr. HABER. Mr. Casteel, the law and our regulations now provide for the fact that the State submits to us a 1010 application. The veteran's application is then reviewed by one of our physicians to determine whether the level of care that's been asked for by the State is appropriate and, as Dr. Camp's already said, we send out inspectors to see that this is the case.

Mr. CASTEEL. Well, we will be checking on that level also.

Dr. HABER. Yes, sir.

Mr. MOTTL. Mr. Daschle?

Mr. DASCHLE. Mr. Chairman, I have no further questions.

Mr. MOTTL. Mr. McEwen.

Mr. MCEWEN. No questions.

Mr. MOTTL. Mr. Casteel. do you have any more questions?

Mr. CASTEEL. No, sir, I don't think I have any more.

Mr. MOTTL. The Chair would like to thank Dr. Camp, Dr. Haber, Mr. Warren, Mr. Dack, Mr. White, Mr. McGill, and Mr. Edmiston for their cooperation this morning, for their testimony and for their sincere cooperation in handling questions proffered by the subcommittee. We will certainly consider these two major pieces of legislation and act appropriately.

If the subcommittee has nothing further to be brought before it, the subcommittee will stand adjourned.

Thank you very much.

[Whereupon, at 9:50 a.m., the hearing was adjourned.]

APPENDIX

97TH CONGRESS
1ST SESSION

H. R. 2832

To amend title 38, United States Code, to provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities.

IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1981

Mr. EVANS of Iowa introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 641 of title 38, United States Code, is amended to read as follows:

"§641. Criteria for payment

"(a) The Administrator shall pay to each State amounts determined pursuant to subsection (b) of this section to reimburse, in part, the States for the cost incurred by the States in providing domiciliary care, nursing home care, and hospital care in State homes to veterans eligible for such care in Veterans' Administration facilities.

"(b)(1) Payments to be made under subsection (a) of this section shall be made on the basis of per diem rates of payment to be determined by the Administrator in accordance with this subsection. The Administrator shall determine separate per diem rates of payment for domiciliary care, nursing home care, and hospital care.

"(2) The per diem rate of payment for domiciliary care shall be 30 per centum of the average per diem cost of providing domiciliary care to veterans in Veterans' Administration facilities over which the Administrator has direct jurisdiction.

"(3) The per diem rate of payment for nursing home care shall be 30 per centum of the average per diem cost of providing nursing home care to veterans in Veterans' Administration facilities over which the Administrator has direct jurisdiction.

"(4) The per diem rate of payment for hospital care shall be 30 per centum of the average per diem cost of providing hospital care to veterans in Veterans' Administration facilities over which the Administrator has direct jurisdiction.

"(5) In no case may the payment made under this section with respect to the care of any individual veteran in a State home exceed one-half of the current cost of that veteran's care in such State home. In determining the cost of a veteran's care in any State home for the purposes of this section, separate determinations shall be made with respect to the cost of domiciliary care, nursing home care, and hospital care.

"(c) Payments to the States under this section shall be made at such intervals as the Administrator considers feasible, but not less often than once per quarter.

"(d) The Administrator shall redetermine per diem rates of payment under subsection (b) of this section not less often than once each fiscal year based upon costs during the preceding fiscal year of providing care in Veterans' Administration facilities over which the Administrator has direct jurisdiction.".

SEC. 2. The amendment made by the first section of this Act shall take effect on October 1, 1981.

97TH CONGRESS
1ST SESSION

H. R. 4025

To amend title 38, United States Code, to extend the authority for the program of grants to States for State home facilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1981

Mr. MOTTL (by request) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to extend the authority for the program of grants to States for State home facilities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5033(a) is amended by striking out "for the fiscal years ending September 30, 1981, and September 30, 1982" and inserting in lieu thereof "for each of the six succeeding fiscal years".

Sec. 2. Section 620A(f) of title 38, United States Code, is amended by striking "1983" and "1982" and inserting in lieu thereof "1984" and "1983", respectively.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., September 23, 1981.

HON. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to respond to your request for the views of the Veterans Administration on H.R. 2832, 97th Congress, a bill "To amend title 38, United States Code, to provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities."

The proposed legislation would amend section 641 of title 38, United states code, which prescribes the specific per diem rates to be paid by the Veterans Administration to State home domiciliaries, nursing homes, and hospitals for the care of veterans eligible for this care in a VA facility, to provide that the per diem cost for each such mode of care be 30 percent of the average per diem costs for the respective care in VA facilities for the preceding fiscal year, but not to exceed one-half the current per diem cost of a veteran's care in a State home. However, because of programmatic as well as budgetary concerns, we oppose enactment of this measure.

The State home program has long been recognized as a vital resource for meeting the extended care needs of our aging veteran population. Current VA planning anticipates continued growth in the State home program to help meet the increased future demand for extended health care of the aging veteran population. The program began on August 27, 1888, with an act to provide aid to State or territorial homes for States. In 1939, the law was amended to extend assistance to hospital care provided in State homes. In 1964, Public Law 88-450 extended Federal assistance to State homes to include nursing home care, and separate per diem payments were established for each level of care: namely domiciliary nursing home and hospital care. In fiscal year 1980, VA per diem payments to State veterans homes for domiciliary care totalled approximately $10.7 million. For nursing home care, those payments amounted to approximately $20.8 million, and for hospitals, $3.6 million.

Periodically, legislation has been enacted to increase the per diem rates for State veterans homes. However, it appears that this bill would provide a "built-in" mechanism to automatically increase the per diem based on 30 percent of per diem cost for similar VA facilities during the proeceding fiscal year, not to exceed one-half (50 percent) of the current total cost of care for veterans in State homes. Enactment of this bill would also result in VA's funding more than 30 percent of the total costs of many State homes. This was not the intent of the State home program nor is it in keeping with the Administration's goal of clearly distinguishing between the appropriate role of the State and the Federal government. This participation would not include other forms of Federal contributions to the veterans or to the State homes on their behalf such as pension, aid and attendance, medicare, or medicaid. In fact, it should be noted that State homes have the right to collect from these sources to offset their costs of support to the veteran.

While we may agree in principle that periodic increases for nursing home care and domiciliary care for State homes may be justified, we are unaware of any studies justifying a 30 percent of VA's cost to 50 percent of the State's cost figure. Further, we are concerned that with the severe budgetary constraints we are facing and our commitment to reducing all unnecessary spending, the additional costs to the VA mandated by this bill could force decreasesin other areas of the medical care budget. Our current estimates are that for the next fiscal year, the additional costs to the VA generated by H.R. 2832 would be approximately $44.9 million, and for the next five fiscal years, the total additional costs are estimated at over $241 million.

We have found the current formula for determining per diem costs for State homes to be straightforward and to have operated adequately. On the other hand, the formula in H.R. 2832 is dependent on the per diem costs at each State home and would place administrative burdens and costs on the Veterans Administration in computing per diem rates for each quarterly claim.

Furthermore, this proposal would increase the differences in domiciliary and nursing home per diem rates, which could lead to the conversion of more domiciliary beds to nursing home beds.

I wish to express again the strong commitment of the Veterans Administration to providing assistance to State homes and to working closely with them for the care and welfare of our veterans. In our view, enactment of this bill would not increase the quality of medical care to veterans in State homes. However, enactment of H.R.

2832 would adversely affect our ability to maintain existing program commitments to veteran beneficiaries.

We estimate that the additional costs of H.R. 2832, if enacted, to the Veterans Administration for the next five years would be as follows:

Fiscal year:	Cost (millions)
1982	$44.9
1983	46.5
1984	49.0
1985	49.8
1986	50.8
Total	241.0

The Office of Management and Budget has advised that there is no objection to the submission of this report to the Congress and that enactment of H.R. 2832 would not be consistent with the Administration's objectives.

Sincerely,

ROBERT P. NIMMO,
Administrator.

PREPARED STATEMENT OF HON. COOPER EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. Chairman and Members of the Subcommittee, it is a pleasure for me to appear before you this morning on behalf of H.R. 2832, because it not only provides me the opportunity to outline the reasons for my introduction and support of the bill, but, in addition, allows me to publicly recognize the valuable contributions of our State Veterans Homes to the veterans and communities they serve.

H.R. 2832 provides for a more equitable determination of the amount of Federal support for State Veterans Homes providing care to veterans who are qualified to receive similar care in Veterans' Administration facilities. Under current law the amount of payment for each class of care is fixed at a per diem rate under the statute. There is no provision for adjustment to compensate for the effects of inflation, changes in costs or methods of providing care, or other factors which would change funding needs. Recent experience has shown that the lack of a provision for adjustment has required regular requests for Congressional consideration and action to adjust the per diem rates for these classes of care.

Under H.R. 2832, the VA Administrator would be required to conduct an annual revision of the per diem rate of payment of each class of care. The formula for this payment would be based on thirty percent of the average cost of providing that type of care in all VA facilities during the previous fiscal year. The bill contains an additional cost cap which provides that no Federal support for a State Veterans Home will be allowed to exceed fifty percent of the average cost of providing a particular type of care in that State Veterans Home.

The Iowa Veterans Home is located in my district and each time I visit the facility I am able to observe first-hand examples of the outstanding care that our veterans receive in these homes. And not only is the care provided of the highest quality, it is frequently provided at a much lower cost than in facilities operated by the VA or in private facilities providing care under VA contracts. I am aware, Mr. Chairman, that the Veterans' Administration has registered its opposition to this legislation and it would seem that it is an appropriate point to stress that it is the VA which would be forced to stretch its limited facilities even further, as well as pay much higher costs, to care for these veterans if their needs were not being met by State Veterans Homes.

It is evident that this bill will mean larger payments to State Veterans Homes. This would also be the case if the bill simply raised the fixed per diem rates, since it is already necessary to adjust for inflation. Such a proposal would do little to prevent the need for future legislative action, and it is this problem which H.R. 2832 attempts to resolve. The initial cost of this bill contains the catch-up needed to bring these payments into line. Future payments will require smaller adjustments as the new rate will be limited to thirty percent of the change in the average VA cost to provide each class of care.

In short, Mr. Chairman, this bill provides the framework for a funding system which recognizes the changing needs of our State Veterans Homes, yet contains caps which prevent runaway growth in the cost of the program.

I am pleased that Members of the Subcommittee will have the opportunity this morning to hear from Mr. Harry Warren and Mr. Jack Dack concerning this bill. Mr. Warren is President of the National Association of State Veterans Homes and Mr. Dack is the Legislative Chairman, and, I would like to add, Commandant of the

Iowa Veterans Home in Marshalltown, Iowa. I would like to recognize their contribution to the development of this legislation and their efforts, on behalf of their members and the veterans they serve, to obtain its passage.

I would be happy to answer any questions, Mr. Chairman, and I would like to thank you and the Members of the Subcommittee for the opportunity to appear before you today on behalf of H.R. 2832.

PREPARED STATEMENT OF DR. TURNER CAMP, ASSOCIATE DEPUTY CHIEF MEDICAL DIRECTOR FOR OPERATIONS, DEPARTMENT OF MEDICINE AND SURGERY, VETERANS' ADMINISTRATION

Mr. Chairman and members of the Subcommittee, I am pleased to appear before the Subcommittee today to discuss the program of assistance by the Veterans Administration to State homes. Specifically, I would like to address my remarks to two proposals that are before the Subcommittee for action, H.R. 2832 and H.R. 4025.

Mr. Chairman, at the outset, I would like to stress that the Veterans Administration is deeply committed to the State home program.

The VA has long recognized the State home program as a vital resource for meeting the extend care needs of our aging veteran population. Current VA planning anticipates continued growth in the State home program to help meet the future demand for extended health care of the aging veteran population.

The program began on August 27, 1888, with an act to provide aid to State or territorial homes for States. In 1939, the law was amended to extend assistance to hospital care provided in State homes. In 1964, Public Law 88-450 extended Federal assistance to State homes to include nursing home care, and separate per diem payments were established for each level of care: namely, domiciliary, nursing home and hospital care.

Since 1964, the VA has obligated funds in excess of $81 million to 26 States for nursing home construction. Since the 1969 enactment of authority for domiciliary and hospital remodeling grants in Public Law 91-178, we have obligated funds for 16 States with $11 million for domiciliaries and $16 million for renovation of nursing home, domiciliary, and hospital facilities.

In addition, the VA provides per diem payments to State homes to help care for veterans in those homes. In fiscal year 1980 these per diem payments for domiciliary care totaled approximately $10.7 million. For nursing home care, VA per diem payments amounted to approximately $20.8 million, and for hospital care, $3.6 million.

Because of the importance of State homes to our veterans, we submitted to the Congress proposed legislation to extend the period of our authority to provide grants to State homes. Mr. Chairman, I appreciate your introducing this initiative as H.R. 4025 and for allowing me to explain the purposes of this measure to the Subcommittee.

Section one of H.R. 4025 would amend section 5033(a) of title 38, United States Code, to extend the program of grants to States for the construction, remodeling, or renovation of State home facilities for furnishing hospital, domiciliary, and nursing home care for eligible veterans for four more fiscal years through fiscal year 1986, at "such sums as may be necessary" annually to carry out such a program.

Existing VA facilities are not alone sufficient to meet the demand for extended health care of today's elderly veterans. VA's nursing homes are fully utilized with long waiting lists for admission to most of them. Some States' nursing homes and domiciliaries are also running at near capacity. It is clear that much needs to be done to prepare for the increasing number of elderly veterans (about threefold in 15 years) who will require extended care prior to the end of this decade. Our present plans call for expanding our capability, as well as relying on State and community programs.

Section 104 of Public Law 96-22 authorized the VA to conduct a broadened treatment and rehabilitation program on a five-year pilot basis for veterans suffering from alcohol or drug dependence. The Administrator was authorized to utilize a broader range of treatment modalities than previously authorized under title 38, and was authorized to contract for externally based modalities of care, e.g., veterans could be treated in halfway houses, thereapeutic communities, psychiatric residential treatment centers, and othe community based treatment facilities.

The Administrator was also required to report to the Veterans' Affairs Committees of the Senate and House of Representatives by March 31, 1983, on the findings and recommendations specifically pertaining to the operation of the pilot program through September 30, 1982.

Section two of H.R. 4025 would extend by one year the operating period of the program on drug or alcohol dependence which is provided for by section 620A(f) of title 38, United States Code, following which the Administrator is required to report his findings.

In view of the fact that the period of service to be analyzed for the mandated evaluation report covers only a fraction of the pilot program's period of activity (i.e., the first two full fiscal years of the five fiscal years authorized), the March 31, 1983, reporting date acts to deny the study access to that considerable body of operational data which would represent the remainder of the pilot period.

One additional concern, again related to the short life of the services period to be analyzed, has to do with plans for increasing the range of treatment modalities accessible through contracted services; for fiscal year 1981 the contracted services are limited to community-operated halfway houses, where residential care is provided for several months, as hospital-extending transition support. It is currently planned that during 1982 the contracted services will accommodate a broader spectrum of treatment and rehabilitation modalities, such as therapeutic communities and outpatient group and individual counseling. The cutoff date of September 30, 1982, does not permit inclusion of important follow-up data on veterans treated in these additional modes of community-based care.

Enactment of section 2 of this bill would not involve any additional cost to the VA, since it does not extend the operating or reporting period beyond the originally authorized life-time of the pilot program.

I therefore hope that the Subcommittee acts favorably on H.R. 4025.

The second proposal I would like to discuss, H.R. 2832, would amend section 641 of title 38, United States Code, which prescribes the specific per diem rates to be paid by the Veterans Administration to State home domiciliaries, nursing homes, and hospitals for the care of veterans eligible for this care in a VA facility. This bill would provide that the diem cost for each such mode of care would be 30 percent of the average per diem costs for the respective care in VA facilities for the preceding fiscal year, but not to exceed one-half the curent per diem cost of a veteran's care in a State home. Because of programmatic as well as budgetary concerns, we oppose enactment of this measure.

Periodically, legislation has been enacted to increase the per diem rates for State veterans homes. However, it appears that this bill would provide a "built-in" mechanism to automatically increase the per diem based on 30 percent of per diem cost for similar VA facilities during the preceding fiscal year, not to exceed one-half (50 percent) of the current total cost of care for veterans in State homes. Enactment of this bill would also result in VA's funding more than 30 percent of the total costs of many State homes. This was not the intent of the State home program nor is it in keeping with the Administration's goal of clearly distinguishing between the appropriate role of the State and the Federal government. This participation would not include other forms of Federal contributions to the veterans or to the State homes on their behalf such as pension, aid and attendance, medicare, or medicaid. In fact, it should be noted that State homes have the right to collect from these sources to offset their costs of support to the veteran.

While we may agree in principle that periodic increases for nursing home care and domiciliary care for State homes may be justified, we are unaware of any studies justifying a 30 percent of VA's cost to 50 percent of the State's cost figure. Further, we are concerned that with the severe budgetary constraints we are facing and our commitment to reducing all unnecessary spending, the additional costs to the VA mandated by this bill could force decreases in other areas of the medical care budget. Our current estimates are that for the next fiscal year, the additional costs to the VA generated by H.R. 2832 would be approximately $44.9 million, and for the next five fiscal years, the total additional costs are estimated at over $241 million.

We have found the current formula for determining per diem costs for State homes to be straightforward and to have operated adequately. On the other hand, the formula in H.R. 2832 is dependent on the per diem costs at each State home and would place administrative burdens and costs on the Veterans' Administration in computing per diem rates for each quarterly claim. Furthermore, this proposal would increase the differences in domiciliary and nursing home per diem rates, which could lead to the conversion of more domiciliary beds to nursing home beds.

In our view, enactment of this bill would not appreciably increase the quality of medical care to veterans in State homes. However, enactment of H.R. 2832 would adversely affect our ability to maintain existing program commitments to veteran beneficiaries.

Mr. Chairman, this concludes my remarks about the relationship between the VA and State homes and the two bills regarding VA assistance to these homes. I would be pleased to respond to any questions you may have on these matters.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF STATE VETERANS HOMES

Mr. Chairman and Members of the Committee. The National Association of State Veterans Homes very much appreciates this privileged opportunity to express our views pertinent to the above proposed Legislation.

Your committee has received a copy of the testimony with supporting data for our position on each bill. In our oral statements, it will be our intent to review this material highlighting the points that are documented and substantiated.

Enactment of this legislation will allow further expansion and continued improvement of needed health care services and facilities for the Nation's aging Veterans.

Thank you for your attention, interest, concern and consideration.

The State Veterans Home Program has grown from 11 homes in 11 states in 1888, to presently 48 homes in 33 states and the District of Columbia. Nursing home care is provided in ~~37 homes,~~ domiciliary care in 41 homes, and hospital care in 7 homes. These homes presently have approximately 17,000 beds and in fiscal year 1980 provided more than four million days of care. The program of assistance to states for construction, remodeling, and renovation of State Home facilities began on August 19, 1964, with the enactment of Public Law 88-450, which authorized annual appropriations of $5 million for making grants to State Homes by the Veterans Administration. These grants were limited to no more than 50 percent of the cost of constructing new nursing care facilities, expanding or remodeling buildings for use as nursing care facilities, and initially equipping such facilities. Public Law 91-178, enacted on December 30, 1969, established a separate grant/assistance program providing no more than 50 percent federal funding for the remodeling of existing State Home hospital and domiciliary facilities and authorized an annual appropriation of $5 million for such grants. Subsequently, the enactment of Public Law 93-82 on August 2, 1973, raised the maximum amount of V.A. participation in the construction of individual projects in both the nursing and domiciliary and hospital facility programs from no more than 50 percent to no more than 65 percent of the cost.

The last substantive amendments to the State Home Construction authorities were made by Public Law 95-62, enacted on July 5, 1977, which consolidated the two programs into a single grant authority. It increased the annual authorization of appropriations for the consolidated program to $15 million and established a limit to any one state not to exceed one-third of the amount appropriated for the fiscal year. This also provided for the construction of new domiciliaries. From fiscal year 1966 through 1980, this program has obligated $67.8 million in support of 5,503 new nursing home care beds, $9.2 million in support of 632 new domiciliary eds, and $19.7 million for remodeling/modification of existing facilities. (Data obtained from V.A.) This program makes it possible to extend health care to veterans beyond that which is provided in V.A. facilities by assisting states in the construction, remodeling, and renovation of state-owned facilities. It is a cost effective program in that the federal participation is limited to no more than 65 percent of the cost. Information provided the Conferees at the August 3-6, 1981, Summer Conference of the National Association of State Veterans Homes, Binghamton, New York, by the Office of Extended Care, State Home Program, Veterans Administration, indicated that as of July 31, 1981, 35 state-submitted projects eligible for funding wre pending within the Veterans Administration awaiting available monies. These 35 projects totaled $84.042 million of federal participation. Many states have indicated that they plan to submit additional applications in the next five years, requiring $146.5 million federal participation. The 35 state-submitted projects eligible for funding include 8 new homes involving 1,085 new nursing care beds and 654 new domiciliary beds. Other projects involve 150 new nursing care beds in established homes, a hospital addition of 56 beds in an established home, with the remainder of the projects involving renovation to meet Federal and State Life Safety and general regulatory agencies requirements.

Again, information provided at the 1981 Summer Conference of the National Association of State Veterans Homes, Binghamton, New York, by the Office of Extended Care, State Home Program, Veterans Administration, Washington, D.C. Analysis of fiscal year 1979 and 1980 Annual Inspection Reports Summary clearly validates the necessity of maintaining the grant program effort to correct these documented life safety deficiencies. "Overall, the State Homes showed a marked improvement (44 percent) during the fiscal year 1980 annual inspections. The most common deficiencies in the domiciliaries and nursing homes were related to life safety."

H.R. 4025 would amend 38 U.S. Code 5033 (A) to extend the program of grants to states for construction, remodeling, or renovation of State Home facilities, for furnishing nursing home, domiciliary and hospital care for eligible veterans through 1986 "at such sums as may be necessary." The Aging Veteran, Present and Future

Medical Needs, October 1977, Veterans Administration, Washington, D.C., indicates that "at the present time, veterans comprise 45 percent of all American males over the age of 20 years. Because of the large number of veterans of World War II and the Korean War, by 1990 more than half of the U.S. males over age 65 will be veterans, and by 1995 veterans will exceed 60 percent of the total. It is important to bear in mind that veterans will comprise the major portion of the male aged population for the remainder of the century."

In the June 1981, letter of transmittal of a draft bill to the Speaker of the House of Representatives to extend the Grant Program, the Acting Administrator of the Veterans Administration provided the following justification for the extension of the authority for the Grant Program. "Present V.A. facilities are not adequate to cope with the special needs of today's elderly veterans. The V.A.'s 88 Nursing Homes are filled to capacity, and there are long waiting lists for admission to most of them. Some state nursing homes and domiciliaries are also running at near capacity. It is clear that much needs to be done to prepare for the increasing number of elderly veterans (about three-fold in 15 years) who will require extended care before the next decade has passed. *The State Home Program has long been recognized as a high quality, cost-efficient alternative to the provision of extended care in V.A. facilities. Current V.A. planning anticipates continued growth in the State Home Program to help meet the future demand for extended health care of the aging veteran population.*" (Emphasis supplied.)

The National Association of State Veterans Homes strongly concurs with the demonstrated need for continued growth in the State Veterans Home program. Specific information on projected nursing home care needs is displayed in the attached table. The passage of H.R. 4025 is vital to the combined state and federal efforts focused on meeting the increasing needs of America's aging veteran population.

Attachments.

Nursing Home Care Need Projections

	Total Veteran Need	VA-NHCU		State NHC Census	CNHC Census	Estimated VA Supported NHC Census	% of Veteran Need
		Av Op Beds	Census				
1976	103,000	7,389	6,982	4,245	6,646	17,873	17.4% (actual)
1977	99,975	7,684	7,300	4,800	7,600	19,700	19.7% (actual)
1980	120,298	9.107	8,652	6,174**(5,586)*	9.234	24,060	20.0% (projected)
1985	145,817			6,707**		29,163	20.0% (projected)
1990	170,411			7,838**		34,082	20.0% (projected)
1995	223,627			10,286**		44,725	20.0% (projected)
2000	272,483			12,534**		54,496	20.0% (projected)

*Actual State NHC census F.Y. 1980 indicating that the State Home census is running approximately 2% less than the projection as indicated in the table.

**State Nursing Home Care census 1985, 1990, 1995, and 2000 based on percentage projection as indicated by the actual State NHC for F.Y. 1980.

Source: The Aging Veteran, Veterans Administration Publication, 1977.

9-16-81

POSITION OF NATIONAL ASSOCIATION OF STATE VETERANS HOMES
IN SUPPORT OF LEGISLATION TO AMEND TITLE 38 OF THE
UNITED STATES CODE TO PROVIDE A MORE
EQUITABLE FORMULA FOR PAYMENTS BY THE ADMINISTRATOR OF VETERANS AFFAIRS
TO STATES FOR COST OF CARE PROVIDED IN STATE (VETERANS) HOMES

H.R. 2832

Historically, the contribution of the Federal Government to State Veterans Homes was one of assistance in domiciliary care. However, the 1939 amendment to the basic statute permitted federal-aid programs where hospital care and treatment was furnished in State Veterans Homes. The per diem allowances were extended to State Veterans Homes providing nursing home care in 1964. PL 88-450 in 1964 also permitted Veterans Administration grants for new nursing home care construction and alterations at State Veterans Homes. PL 91-178 in 1969 made available grants to States for alteration, modification and remodeling of domiliary and hospital facilities in State Veterans Homes. PL 95-62, State Veterans Home Assistance Improvement Act, 1977 married the two above laws with modifications; increased the annual appropriation to 15 million dollars; placed 1/3 limit of the annual appropriation to any one State and included authorization for construction of new domiciliaries.

For purposes of H.R. 2832, which deals with a different method of per diem payments, it might be noted that the concept of per diem payments evolved as follows:

1888 - $100 per annum for each domiciled veteran
1920 - $120 " " " " " "
1939 - $240 " " " " " " and hospitalized veteran
1943 - $300 " " " " " " " " "
1948 - $500 " " " " " " " " "
1954 - $700 " " " " " " " " "
1960 - $2.50 per diem for each domiciled or hospitalized veteran
1964 - $3.50 per diem for each nursing home care veteran
1968 - $3.50 per diem for each domiciled or hospitalized veteran
1969 - $7.50 per diem for each hospitalized veteran
1973 - $4.50 per diem for each domiciled veteran

	$6.00	per diem for each nursing home care veteran
	$10.00	per diem for each hospitalized veteran
1976 -	$5.50	per diem for each domiciled veteran
	$10.50	per diem for each nursing home care veteran
	$11.50	per diem for each hospitalized veteran
1980 -	$6.35	per diem for each domiciled veteran
	$12.10	per diem for each nursing home care veteran
	$13.25	per diem for each hospitalized veteran

Two dates are of particular significance in the foregoing evolution. The first significant change was the 1939 amendment which recognized the evolution of the State Veteran Home concept so that federal assistance was granted for bona fide hospitalization in a hospital operated on State Veteran Home premises. Despite the opposition of the then Administrator of Veterans Affairs, the Senate accepted the so-called Walsh amendment and the Congress enacted a statute setting an allowance for hospital patients in State Veterans Homes at the same rate as that permitted for domiciliary residents. Continual evolution brought an allowance for nursing home care, particularly, when that concept became of decided importance to the Veterans Administration. The second significant change occurred in 1960 when the philosophy of annual payments to State Veterans Homes for veterans in such Homes changed to one of per diem payments, rather than the former annual allowance.

Basically, however, H.R. 2832 does depart from the traditional and arbitrary method of selecting sums for per diem payments, and replaces that practice with a type of formula that would allow the Federal Government to reimburse, in part, the states for their cost incurred in providing domicilary care, nursing home care, and hospital care in State Homes to veterans eligible for such care in Veterans Administration facilities. A type of partnership, albeit an inequitable one, has existed between the various states and the

Federal Government for almost a century. If we review the debates on the original act of August 27, 1888, we find that this initial statute for monetary allowances to State Veterans Homes was, in effect, an invitation to the states to share the burden of domiciliary care for veterans with the Federal Government. As was stated in the Senate Committee on Military Affairs Report, S.2116, at that time: "We propose simply to admit into State Homes for disabled soldiers upon the same terms on which they are now admitted to national homes". An exhaustive review of this whole relationship is contained in Report No. 1377 of the House of Representatives, 90th Congress, 2nd session. We respectfully submit that this impartial, detailed study clearly establishes a partnership between State and Federal governments in State Veterans Home operations. However, the partnership has found the federal government contributing a smaller percentage of the cost of maintaining a veteran in a State Veterans Home.

The latest data we have available is that for the fiscal year ending September 30, 1980, from Extended Care, Department of Medicine and Surgery, Veterans Administration. This data shows the sharing of State Home costs as follows:

	V.A.	
	Per diem Payment	Other Support
Domiciliary Care	23.2%	76.8%
Nursing Home Care	25.7%	74.3%
Hospital Care	15.9%	84.1%
Per Cent of Total Cost	23.4%	76.6%

The actual average per diem costs to State Veterans Homes for each category of care during fiscal year 1980 was:

(a) $23.74 for domiciliary care against a maximum Veterans Administration allowance of $5.50.

(b) $40.81 for nursing home care against a maximum Veterans Administration allowance of $10.50.

(c) $71.97 for hospital care against a maximum Veterans Administration allowance of $11.50.

It seems evident from the foregoing that the federal government is carrying a smaller share of the cost in maintaining veterans in State Veterans Homes. Despite the help which the Congress has always given us with per diem legislation, this fluctuating inequitable pattern has existed for years. For example, if we consider the total cost sharing in all categories of care we find the following: (Extended Care, Department of Medicine and Surgery, Veterans Administration.)

	Other Than VA Share of Total Cost	VA Share of Total Cost
FY 1970	64.7%	35.3%
FY 1971	68.1%	31.9%
FY 1972	70.0%	30.0%
FY 1973	72.4%	27.6%
FY 1974	69.7%	30.3%
FY 1975	72.3%	27.7%
FY 1976	70.9%	29.1%
Transitional Quarter (7/1 - 9/30/76	66.8%	33.2%

FY 1977 10-1-76 9-30-77)	68.9%	31.1%
FY 1978	71.9%	28.1%
FY 1979	73.4%	26.6%
FY 1980	76.6%	23.4%

Fiscal year 1970 was selected to begin this table because PL 91-178, PL 93-82, PL 94-417 and PL 96-151 all became effective during the period resulting in increased Veterans Administration contributions. Therefore, we felt it only fair to use a block of time when the Congress was continually helping us. It should be noted that PL 94-417 with its per diem increases in all categories of care had an effect of reducing the state shares somewhat in FY 1976 and a bit more during the transitional quarter when it was fully operative. However, it is ironic that the incrased federal percentage, relatively small though it was, did not last because of inflation trends noted during FY 1977 and FY 1978. Despite PL 96-151, the per diem increase effective January 1, 1980, there has been little relief as the cost spiral continues to rise, due to double digit inflation and the VA per diem rates being fixed under present law. Therefore, whatever temporary assistance is given to the states under existing legislation will be lost as time goes on unless there is a change in the method of reimbursement which provides a mechanism for an annual review and adjustment. It is for this reason that we support H.R. 2832 because it represents a different method of computing Veterans Administration per diem reimbursement and we believe it will reduce the existing cost sharing inequity.

Essentially, H.R. 2832 would require the Administrator, Veterans Affairs to provide that per diem reimbursement for State Home domiciliaries, nursing homes, and hospitals be determined by taking 30 percent of the average per diem costs in Veterans Administration facilities for the preceding fiscal year, but not to exceed one-half the current per diem cost of a veteran's care in a State Home; paying to the individual states whichever is the lesser.

There are several benefits which shall occur:

(a) First, there will be a more equitable cost sharing between the states and the Federal Government, but with the Federal Government bearing less than 50% of the per diem costs of maintaining veterans in State Veterans Homes.

(b) There is a built-in-cost-of-living escalator, but this one can also act as a de-escalator. If the per diem cost of care, on per level of care basis within Veterans Administration facilties continues to rise and inflation continues, then inevitably, all costs shall rise including those of the State Veterans Homes. However, if we have a period of deflation, or the Veterans Administrations' cost of health care is reduced, then all costs, including those of the Homes, should follow that trend. H.R. 2832 provides for either situation by its formula of predicating payments on incurred costs.

(c) Repetitive acts of the Congress will not be necessary for per diem payments to State Veterans Homes if this bill is passed. No longer shall we be continually "knocking on the door" of the Congress, year after year to try to achieve a more equitable sharing. This is not to imply that we have received anything but a warm welcome from the Congress despite our many visits. But it shall no longer be necessary to repetitively take up the time of Congressmen and Senators as has been the case in the past, for per diem payment purposes.

(d) The "caps" on the reimbursement factor in H.R. 2832 are such that the payment is based upon the per level of care costs incurred within Veterans Administration facilities of the previous fiscal year or 50% of the current costs within the individual State Home, whichever is the lesser.

(e) We estimate the annual increase cost of H.R. 2832 to be 27 million dollars for all three levels of care if implemented in 1981. This is a small increase when compared to the fact that the Veterans Administration paid to private Nursing Homes $115,381,602.00 ($36.96 per diem) for contract Nursing Care during

FY 1980, according to the Summary of Medical Programs, September, 1980, Table 16, Page 60, Veterans Administration, Washington, D.C. It is interesting to note in Title 38, United States Code 620 Transfers for Nursing Home Care (a) (ii) "the cost of such nursing home care in such an institution will not exceed 45 per centum of the cost of care furnished by the Veterans Administration in a general hospital under the direct and exclusive jurisdiction of the Administrator, as such costs may be determined annually by the Administrator, or not to exceed 50 per centum of such cost where determined necessary by the Administrator, upon recommendation of the Chief Medical Director, to provide adequate care."

(f) Within the Veterans Administration Nursing Care units, the 2,044,578 days of nursing care provided by State Veterans Homes, FY 1980 would have cost the Veterans Administration $154,140,735.00 ($75.39 per diem Nursing Care).

(g) State Veterans Homes were paid only a total of $35,210,938.00 in FY 1980 for all three categories of care, domiciliary, nursing care and hospital. Forty-six State Veterans Homes in 33 states and the District of Columbia provided 4,172,314 days of care.

When one compares Veterans Administration and State Veterans Home costs, and then considers the present per diem reimbursement payments, the basic inequity of the present system is sharply delineated. For example, Veterans Administration statistics from the office of Veterans Administration Comptroller for FY 1980 show per diem costs as follows:

	Average Daily Cost	Per Diem Rates for State Homes
V.A. domiciliary member	$29.39	
State Veteran Home domiciliary member	$23.74	$5.50
V.A. Nursing Home care patient	$75.39	
V.A. Contract Nursing Home care patient (cost to V.A.)	$36.96	
State Veterans Home Nursing Home care patient	$40.81	$10.50
V.A. Hospital Patient (Medical) Bed Section)	$159.10	
State Veteran Home Hospital (General)	$71.97	$11.50

It is obvious from the foregoing that when a veteran is provided health care services in a State Veterans Home, that Home almost always does the job at a lesser cost than the Veterans Administration. This is understandable because of several factors, such as salaries, research, etc. However, what is not so palatable is the concept of reimbursing the community contract nursing homes on a percentage formula basis. (Title 38, United States Code, Section 620 (a) (ij) versus reimbursing State Veterans Homes on a fixed per diem basis. For example, in FY 1980, this inequitable system resulted in reimbursement to contract nursing homes at an average rate of $36.96 per patient day while State Homes received only $10.50 per patient day. On a cost comparison basis, the above table clearly illustrates that the Veterans Administration is receiving a bargain for every veteran maintained in a State Veterans Home.

On no matter what basis of comparison -- statistical, cost or both --- we believe that State Veterans Homes have a case for the passage of H.R. 2832 with all of its mutual benefits. Yet, we would be entirely remiss if we stopped with only statistics and costs. Again, may we respectfully submit that the quality of care given in State Veterans Homes to the veterans whom we are privileged to serve is at a level of which we can be proud. True, some of our Homes are old and do not have the privacy we are now striving for. Some of us are continually fighting for new equipment and furnishings. Others among us are more affluent. However, whether old or new, we think it can safely be said that we all are aware that behind every statistic and every cost there is a person, in our case a veteran --- who receives every measure of support we can give, and we believe that that support is the very best we can achieve.

In furthering our thesis that we provide a quality of care to our veterans, may we refer to only one source: House Committee Print No. 36, June 7, 1977, on Health Care for American Veterans by the National Academy of Sciences, National Research Council. We are aware this report was controversial in terms of its many findings and recommendations. However, we doubt that there will be any argument on that recommendation which encourages the Veterans Administration to explore the possibility of enlarging the states' role in providing long-term care to veterans. Indeed, it is further recommended that surplus Veterans Administration hospitals, if other recommendations of the Committee are carried out, be turned over to the states who wish to convert them to State Veterans Homes. Regardless of the controversial aspects of the report, it seems to us that the State Veterans Home recommendations from this prestigious body are a decided compliment to the quality of care we render.

It is more important than ever that the State Home Program receive additional assistance in terms of the veterans who will need both Veterans Administration and State Veterans Home services in the relatively near future. Veterans Administration estimates September 30, 1981 cite a total of 30,037,000 living veterans, of whom the largest group is 12,136,000 World War II veterans. The average age of the World War II group is estimated by the Veterans Administration to be 61 years. In September, 1981 correspondence with the Legislative Chairman, National Association of State Veterans Homes, the Administrator of Veterans Affairs, Veterans Administration, Washington, D.C. commented in part: "...It has long been recognized that the State Home Program is a high-quality, cost-efficient alternative to the provision of extended care in facilities of the Veterans Administration. The Veterans Administration presently anticipates continued growth in this program to help meet the future demands for extended care of the aging veteran population..." However, many states are finding that the ravages of recession, inflation and unemployment are eroding their ability to continue subsidizing the ever increasing cost of care without a more equitable sharing of these costs by the federal government.

It is this huge body of World War II veterans, the largest this country has ever known, who are reaching an age at which increasing demands will be made on every type of Veterans Administration and State Veterans Home facilities during the next ten years. It will be most difficult, if not impossible, for most of the states to meet these demands without more equity in the partnership with the Federal Government. This is all we are asking with H.R. 2832.

SOURCES OF INFORMATION

A.

1. The statistics for the FY 1980 days of State Veterans Home care and the FY 1980 State Veterans Home cost for veterans per category of care within the individual State Veterans Home was obtained from "VETERANS ADMINISTRATION FEDERAL GRANTS APPLICABLE TO DOMICILIARY, NURSING AND HOSPITAL CARE PROVIDED BY STATE VETERANS HOMES" compiled by Veterans Administration, Office of Extended Care, State Home Program, Washington, D.C.

2. The FY 1981 days of care for veterans provided in State Veterans Homes, each category of care, submitted to the Veterans Administration at the end of the First Quarter, FY 1981, was obtained from the individual State Veterans Home and projected for the entire year.

   The FY 1981 State Veterans Home cost for veterans per category of care within the individual State Veterans Home was obtained from the individual State Veterans Home for the First Quarter, FY 1981, and projected for the entire year.

3. The FY 1982 days of care for veterans provided in State Veterans Homes, each category of care, were projected for each State Home at the same rate of change experienced between FY 1982 and FY 1981 as was experienced between FY 1981 and FY 1980.

   The FY 1982 State Veterans Home cost for veterans per category of care within the individual State Veterans Home was projected at the same rate of change between FY 1982 and FY 1981 as was experienced between FY 1981 and FY 1980.

B. The statistics for the Veterans Administration average per diem costs for each separate category of Domiciliary, Nursing Home and Hospital Care - Medical Bed Section - furnished by the Veterans Administration in Veterans Administration Medical Centers, Nursing Care Units and Domiciliaries for FY 1979, FY 1980 and FY 1981, respectively, were obtained through the Office of House Committee, Veterans Affairs, Washington, D.C. (Veterans Administration Document produced by Office of Controller, Veterans Administration, for FY 1979, FY 1980 and FY 1981, respectively.)

Unaudited Totals

REIMBURSEMENT TO STATE VETERANS HOMES
NATIONAL ASSOCIATION OF STATE VETERANS HOMES
PROPOSED LEGISLATION

		1		2	3	4	5	6	7	8	9	10
									IN AGGREGATE TO STATE HOMES PROPOSED REIMBURSEMENT FROM VA:		PRESENT STATUTORY REIMBURSEMENT	
FISCAL YEAR	LEVEL OF CARE	1980 STATE HOME DAYS OF CARE	PERCENT CHANGE DAYS OF CARE FROM PREVIOUS YEAR	STATE VETERANS HOME COST OF CARE FY 1980	STATE VETERANS HOME AVERAGE PER DIEM COST 1980	COST OF CARE AT 30% OF THE VA AVERAGE PER DIEM OF (1979) FISCAL YEAR	AVERAGE VA PER DIEM 30% OF VA COST FOR PREVIOUS YEAR 1979	FY 1979 VA PER DIEM	LESSER 30% PER DIEM VA COST PREVIOUS YEAR OR 50% OF STATE HOME PER DIEM COST PRESENT YEAR	AVERAGE REIMBURSEMENT PER DIEM STATE VETERANS HOMES WOULD RECEIVE	VA ALLOWANCE	AVERAGE PER DIEM
1980	Hospital	340,050	(5.0%)	$ 24,476,599	$71.97	$14,224,292	$41.83	$139.44	$10,607,931	$31.20	$ 3,910,577	$11.50
	Nursing	2,044,578	7.6%	$ 83,459,585	$40.81	$40,278,189	$19.70	$65.65	$36,832,994	$18.01	$21,468,076	$10.50
	Domiciliary	1,787,686	(7.5%)	$ 42,444,837	$23.74	$13,747,441	$ 7.69	$25.64	$13,675,449	$ 7.65	$ 9,832,285	$ 5.50
	TOTAL	4,172,314	(0.4%)	$150,381,021	$36.04	$68,249,922	$16.36		$61,116,374	$14.65	$35,210,938	$ 8.43

IF PROPOSAL HAD BEEN IN EFFECT IN FY 1980 COST INCREASE TO 30% OR 50% CONCEPT WHICHEVER IS LESSER $25,905,436.

		1		2	3	4	5	6	7	8	9	10
PROJECTED		1981 STATE HOME DAYS OF CARE (PROJECTED)		FY 1981	FY 1981	1980 FISCAL YEAR	FY 1980	FY 1980 VA PER DIEM				
*1981	Hospital	325,128	(4.4%)	$ 25,761,163	$79.23	$15,518,359	$47.72	$159.10	$11,476,297	$35.29	$ 4,307,946	$13.25
	Nursing	2,092,464	2.4%	$ 89,546,271	$42.79	$47,331,534	$22.61	$ 75.39	$42,018,970	$20.08	$25,318,815	$12.10
	Domiciliary	1,720,145	(3.8%)	$ 42,960,342	$24.97	$15,171,677	$ 8.81	$ 29.39	$14,712,180	$ 8.55	$10,922,920	$ 6.35
	TOTAL	4,137,737	(0.8%)	$158,267,776	$38.25	$78,021,570	$18.85		$68,207,447	$16.48	$40,549,681	$ 9.79

IF PROPOSAL IS IMPLEMENTED IN FY 1981 COST INCREASE TO 30% OR 50% CONCEPT WHICHEVER IS LESSER $27,657,766.

		1		2	3	4	5	6	7	8	9	10
PROJECTED		1982 STATE HOME DAYS OF CARE (PROJECTED)		FY 1982	FY 1982	1981 FISCAL YEAR	FY 1981	FY 1981 ESTIMATED VA PER DIEM				
**1982	Hospital	313,226	(3.7%)	$ 27,962,613	$89.27	$16,563,391	$52.88	$176.29	$12,650,992	$40.38	$ 4,150,245	$13.25
	Nursing	2,173,816	3.9%	$ 97,691,710	$44.94	$53,106,326	$24.43	$ 81.45	$45,466,742	$20.91	$26,283,630	$12.10
	Domiciliary	1,679,696	(2.4%)	$ 46,018,841	$27.39	$15,889,925	$ 9.46	$ 31.56	$15,239,447	$ 9.07	$10,666,071	$ 6.35
	TOTAL	4,166,738	(0.7%)	$171,673,164	$41.20	$85,559,642	$20.53		$73,357,181	$17.60	$41,099,946	$ 9.86

IF PROPOSAL IS IMPLEMENTED IN FY 1982 COST INCREASE TO 30% OR 50% CONCEPT WHICHEVER IS LESSER $32,257,235.

*Estimated days of care and cost of care based on data submitted by each State Veterans Home in the First Quarter 1981 multiplied by four to show the approximate figures. **Estimated data shows increases or decreases in days of care and cost of care in FY 1982. These were computed to the same approximate change for FY 1982 compared to FY 1981 as was experienced in FY 1981 when compared to FY 1980 for each State Veterans Home.

REIMBURSEMENT TO STATE VETERANS HOMES
NATIONAL ASSOCIATION OF STATE VETERANS HOMES
PROPOSED LEGISLATION (H.R. 2832)

Columns 1 & 2	Total Days of Care and Cost of Care by level of care for all Homes. FY 1980 information obtained from "VETERANS ADMINISTRATION FEDERAL GRANTS APPLICABLE TO DOMICILIARY, NURSING AND HOSPITAL CARE PROVIDED BY STATE VETERANS HOMES" compiled by Veterans Administration Office of Extended Care, State Home Program, Washington, D.C.
Column 3	Column 2 divided by Column 1.
Column 4	Column 5 multiplied by Column 1.
Column 5	30% of Column 6.
Column 6	Per Diem Cost in Veterans Administration Facilities for previous year for each level of care. Information obtained from VETERANS ADMINISTRATION MEDICAL CENTERS, NURSING CARE UNITS AND DOMICILIARIES THROUGH THE OFFICE OF HOUSE COMMITTEE, VETERANS AFFAIRS, WASHINGTON, D.C. (Veterans Administration Document produced by Office of Controller, Veterans Administration.)
Column 7	Total proposed reimbursement obtained by adding the reimbursement projected to each Home at the rate of 50% of actual cost, or 30% of cost in Veterans Administration Facilities for level of care, whichever is lesser. Each Home computed for days of care in each level of care.
Column 8	Column 7 divided by Column 1.
Column 9 & 10	Present statutory reimbursement for all days of care. Information obtained from VETERANS ADMINISTRATION FEDERAL GRANTS APPLICABLE TO DOMICILIARY NURSING CARE AND HOSPITAL CARE PROVIDED BY STATE VETERANS HOMES, compiled by Veterans Administration, Office of Extended Care, State Home Program, Washington, D.C.

TOTAL COST OF CARE AT VA FACILITIES COMPARED WITH PRESENT AND PROPOSED REIMBURSEMENT TO ALL STATE VETERANS HOMES

		1	2	3	4	5	6	7	8	9
FISCAL YEAR	LEVEL OF CARE	STATE HOME DAYS OF CARE FY 1980	FY 1979 PER DIEM COST AT VA FACILITIES	1980 STATE HOME DAYS OF CARE AT FY 1979 VA PER DIEM COSTS	STATE HOMES PRESENT PER DIEM REIMBURSEMENT	STATE HOME DAYS OF CARE AT PRESENT RATE OF REIMBURSEMENT	PER CENT OF VA COST FOR THE 1980 STATE HOME DAYS BASED ON VA COST 1979 PER DIEM	H.R. 2832 PROPOSED PER DIEM	H.R. 2832 PROPOSED REIMBURSEMENT FOR STATE HOME DAYS OF CARE	STATE HOME REIMBURSEMENT PERCENT OF VA COST
1980	Hospital	340,050	$139.44	$ 47,416,572	$11.50	$ 3,910,577	8.2%	$31.20	$10,607,931	22.4%
	Nursing	2,044,578	$ 65.65	$134,226,546	$10.50	$21,468,076	16.0%	$18.01	$34,832,994	27.4%
	Domiciliary	1,787,686	$ 25.64	$ 45,836,269	$ 5.50	$ 9,832,285	21.5%	$ 7.65	$13,675,449	29.8%
	TOTAL	4,172,314	$ 54.52	$227,479,387	$ 8.43	$35,210,938	15.5%	$14.65	$61,116,374	26.9%
PROJECTED		DAYS OF CARE FY 1981	FY 1980 PER DIEM COST AT VA FACILITIES	1981 STATE HOME DAYS OF CARE AT FY 1980 VA PER DIEM COSTS			BASED ON 1980 PER DIEM			
*1981	Hospital	325,128	$159.10	$ 51,727,786	$13.25	$ 4,307,946	3.9%	$35.29	$11,476,297	22.2%
	Nursing	2,092,464	$ 75.39	$157,750,861	$12.10	$25,318,815	16.0%	$20.08	$42,018,970	26.6%
	Domiciliary	1,720,145	$ 29.39	$ 50,555,062	$ 6.35	$10,922,921	21.6%	$ 8.55	$14,712,180	29.1%
	TOTAL	4,137,737	$ 62.84	$260,033,709	$ 9.79	$40,549,682	15.6%	$16,48	$68,207,447	26.2%
PROJECTED		DAYS OF CARE FY 1982	FY 1981 PER DIEM COST AT VA FACILITY (ESTIMATED)	1982 STATE HOME DAYS OF CARE AT FY 1981 VA PER DIEM COSTS			BASED ON 1981 PER DIEM			
*1982	Hospital	313,226	$176.29	$ 55,218,612	$13.25	$ 4,150,245	7.5%	$40.38	$12,650,992	22.9%
	Nursing	2,173,816	$ 81.45	$177,057,731	$12.10	$26,303,174	14.9%	$20.91	$45,466,742	25.7%
	Domiciliary	1,679,696	$ 31.56	$ 53,011,206	$ 6.35	$10,666,070	20.1%	$ 9.07	$15,239,447	28.7%
	TOTAL	4,166,738	$ 96.43	$285,287,549	$ 9.87	$41,119,489	14.4%	$17.60	$73,357,181	25.7%

*Estimated Days of Care and Cost of Care based on data submitted by each State Veterans Home in the First Quarter of 1981 multiplied by four to show the approximate figures.

**Estimated data shows increases or decreases in days of care and cost of care in FY 1982. These were completed to show the same approximate charge for FY 1982 compared to FY 1981 as were experienced in FY 1981 when compared to FY 1980 for each State Veterans Home.

TOTAL COST OF CARE AT VA FACILIITES COMPARED WITH PRESENT AND PROPOSED REIMBURSEMENT TO ALL STATE VETERANS HOMES

Column 1	Information obtained from VETERANS ADMINISTRATION FEDERAL GRANTS APPLICABLE TO DOMICILIARY, NURSING AND HOSPITAL CARE PROVIDED BY STATE VETERANS HOMES compiled by Veterans Administration, Office of Extended Care, State Home Program, Washington, D.C.
Column 2	Information obtained through Office of House Committee, Veterans Affairs, Washington, D.C., VETERANS ADMINISTRATION DOCUMENT PRODUCED BY OFFICE OF CONTROLLER, VETERANS ADMINISTRATION.
Column 3	Column 1 multiplied by Column 2
Column 4 & 5	Information source the same as Column 1.
Column 6	Column 5 divided by Column 3, calculated to nearest tenth of a percent.
Column 7	Column 8 divided by Column 1, calculated to nearest tenth of a percent.
Column 8	Total of proposed reimbursement obtained by adding the reimbursement projected to each State Home at the rate of 50% of actual cost or 30% of cost in Veterans Administration Facilities for same level of care, whichever is lesser for the days of care in each level.
Column 9	Column 8 divided by Column 1.

PRESENT REIMBURSEMENT AND PROPOSED REIMBURSEMENT COMPARED TO 30% OF COST IN VA FACILITY

		1	2	3	4	5	6	7	8	9	10	11
											NO. OF STATE HOMES THAT WOULD RECEIVE:	
FISCAL YEAR	LEVEL OF CARE	DAYS OF CARE	PER DIEM COST AT 30% OF COST IN VA FACILITY	REIMBURSEMENT AT 30% OF COST IN VA FACILITY	PRESENT PER DIEM REIMBURSEMENT	PRESENT REIMBURSEMENT	PERCENT OF 30% OF COST	PROPOSED PER DIEM	PROPOSED REIMBURSEMENT	PERCENT OF 30% OF VA COST	30% OF VA COST	50% OF THEIR OWN COST
1980	Hospital	340,050	$41.83	$14,224,292	$11.50	$ 3,910,577	27.5%	$31.20	$10,607,931	74.6%	4	4
	Nursing	2,044,578	$19.70	$40,278,189	$10.50	$21,468,076	53.3%	$18.01	$36,111,700	89.7%	20	15
	Domiciliary	1,787,686	$ 7.69	$13,747,441	$ 5.50	$ 9,832,285	71.5%	$ 7.65	$13,675,449	99.5%	35	2
	TOTAL	4,172,314	$16.36	$68,249,922	$ 8.43	$35,210,938	51.6%	$14.65	$61,116,374	89.5%		
PROJECTED												
*1981	Hospital	325,128	$47.73	$15,518,359	$13.25	$ 4,307,946	27.8%	$35.29	$11,476,297	74.0%	2	5
	Nursing	2,092,464	$22.62	$47,331,534	$12.10	$25,318,815	53.5%	$20.08	$42,018,970	88.8%	13	23
	Domiciliary	1,720,145	$ 8.82	$15,171,677	$ 6.35	$10,922,920	72.0%	$ 8.55	$14,712,180	97.0%	32	6
	TOTAL	4,137,737	$18.85	$78,021,570	$ 9.79	$40,549,681	52.0%	$16.48	$68,207,447	87.4%		
PROJECTED												
**1982	Hospital	313,226	$52.88	$16,563,391	$13.25	$ 4,150,245	25.1%	$40.38	$12,650,992	76.4%	2	5
	Nursing	2,173,816	$24.43	$53,106,326	$12.10	$26,283,630	49.5%	$20.91	$45,466,742	85.6%	14	22
	Domiciliary	1,679,696	$ 9.46	$15,889,925	$ 6.35	$10,666,071	67.1%	$ 9.07	$15,239,447	95.9%	29	9
	TOTAL	4,166,738	$20.53	$85,559,642	$ 9.90	$41,099,946	48.0%	$17.60	$73,357,181	85.7%		

*Estimated Days of Care and Cost of Care based on data submitted by each State Veterans Home in the First Quarter of 1981 multiplied by four to show the approximate figures.

**Estimated data shows increases or decreases in days of care and cost of care in FY 1982. These were computed to show the same approximate changes in FY 1982 compared to FY 1981 as were experienced in FY 1981 when compared to FY 1980 for each State Veterans Home.

PRESENT REIMBURSEMENT AND PROPOSED REIMBURSEMENT COMPARED TO 30% OF COST IN VA FACILITY

Column 1	Information obtained from VETERANS ADMINISTRATION FEDERAL GRANTS APPLICABLE TO DOMICILIARY, NURSING AND HOSPITAL CARE PROVIDED BY STATE VETERANS HOMES) compiled by Veterans Administration, Office of Extended Care, State Home Program, Washington, D.C.
Column 2	Thirty percent of cost of care at Veterans Administration Facilities for each level of care as reported through Office of House Committee, Veterans Affairs, Washington, D.C., VETERANS ADMINISTRATION DOCUMENT PRODUCED BY OFFICE OF CONTROLLER, VETERANS ADMINISTRATION.
Column 3	Column 1 multiplied by Column 2.
Column 4	Statutory Reimbursement.
Column 5	Column 1 multiplied by Column 4.
Column 6	Column 5 divided by Column 3.
Column 7	Column 8 divided by Column 1 to nearest whole cent.
Column 8	Total of proposed reimbursement obtained by adding the reimbursement projected to each State Home at the rate of 50% of actual cost or 30% of cost at Veterans Administration Facilities for same level of care, whichever is lesser for days of care in each level.
Column 9	Column 8 divided by Column 3.

PROJECTED REIMBURSEMENT TO STATE VETERANS HOME THROUGH FORMULA OF LESSER
OF 30% OF AVERAGE PER DIEM ON 50% OF THE COST OF VETERAN CARE
COMPARED TO ACTUAL VA REIMBURSEMENT THROUGH STATUTORY PAYMENTS

1980 DAYS OF CARE AND 1979 AVERAGE VA PER DIEM
ALL LEVELS OF CARE COMBINED

STATE	LOCATION	AMOUNT RECEIVED FROM PRESENT STATUTORY PAYMENTS	AMOUNT THAT WOULD BE RECEIVED FROM PROPOSED FORMULA	INCREASE THROUGH NEW FORMULA
AR	Little Rock	$ 3,355	$ 4,691	$ 1,336
CA	Younville	$ 3,824,073	$ 5,895,153	$ 2,071,080
CO	Florence	$ 421,911	$ 644,921	$ 223,010
	Homelake	$ 200,306	$ 289,172	$ 88,866
CT	Rocky Hill	$ 2,182,538	$ 4,831,279	$ 2,648,741
DC	Occoquan	$ 261,531	$ 365,667	$ 104,136
GA	Augusta	$ 681,828	$ 1,145,147	$ 463,319
	Milledgeville	$ 1,053,905	$ 1,746,840	$ 692,935
ID	Boise	$ 228,514	$ 256,144	$ 27,630
IL	Quincy	$ 1,448,631	$ 2,751,033	$ 1,302,402
IN	Lafayette	$ 783,496	$ 1,389,814	$ 606,318
IA	Marshalltown	$ 1,721,376	$ 3,950,394	$ 2,229,018
KS	Fort Dodge	$ 312,018	$ 455,352	$ 143,334
LA	Jackson	$ 218,906	$ 306,070	$ 87,164
MA	Chelsea	$ 1,210,791	$ 2,748,741	$ 1,537,950
	Holyoke	$ 1,007,738	$ 1,920,452	$ 912,714
MI	Grand Rapids	$ 2,319,416	$ 4,202,133	$ 1,882,717
MN	Minneapolis	$ 988,883	$ 1,522,018	$ 533,135
	Hastings	$ 269,099	$ 376,249	$ 107,150
MO	St. James	$ 503,195	$ 670,855	$ 167,660
MT	Columbia Falls	$ 282,757	$ 409,226	$ 126,469
NE	Grand Rapids	$ 1,665,330	$ 2,740,038	$ 1,074,708
NH	Tilton	$ 348,957	$ 566,308	$ 217,351
NJ	Menlo Park	$ 1,151,989	$ 1,509,912	$ 357,923
	Vineland	$ 1,004,369	$ 1,851,245	$ 846,876
NY	Oxford	$ 259,026	$ 444,894	$ 185,868
ND	Lisbon	$ 207,988	$ 290,805	$ 82,817
OH	Sandusky	$ 1,942,559	$ 2,555,249	$ 612,690

PROJECTED REIMBURSEMENT TO STATE VETERANS HOME THROUGH FORMULA OF LESSER OF 30% OF AVERAGE PER DIEM ON 50% OF THE COST OF VETERAN CARE COMPARED TO ACTUAL VA REIMBURSEMENT THROUGH STATUTORY PAYMENTS

1980 DAYS OF CARE AND 1979 AVERAGE VA PER DIEM ALL LEVELS OF CARE COMBINED

STATE	LOCATION	AMOUNT RECEIVED FROM PRESENT STATUTORY PAYMENTS	AMOUNT THAT WOULD BE RECEIVED FROM PROPOSED FORMULA	INCREASE THROUGH NEW FORMULA
OK	Ardmore	$ 493,305	$ 783,602	$ 290,297
	Clinton	$ 630,653	$ 1,156,656	$ 526,003
	Norman	$ 524,777	$ 817,050	$ 292,273
	Sulphur	$ 638,457	$ 1,239,158	$ 600,701
	Talihina	$ 572,324	$ 1,073,788	$ 501,464
PA	Erie	$ 410,665	$ 701,763	$ 291,098
	Hollidaysburg	$ 270,059	$ 445,142	$ 175,083
RI	Bristol	$ 1,076,505	$ 1,932,967	$ 856,462
SC	Columbia	$ 419,223	$ 701,101	$ 281,878
SD	Hot Springs	$ 284,426	$ 451,689	$ 167,263
VT	Bennington	$ 497,363	$ 809,060	$ 311,697
WA	Orting	$ 465,613	$ 803,567	$ 337,954
	Retsil	$ 573,338	$ 942,140	$ 368,802
WI	King	$ 1,759,677	$ 3,292,958	$ 1,533,281
WY	Buffalo	$ 90,068	$ 125,931	$ 35,863
	TOTAL	$35,210,938	$61,116,374	$25,905,436

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PROJECTED REIMBURSEMENT TO STATE VETERANS HOMES THROUGH FORMULA OF LESSER OF 30% OF AVERAGE VA PER DIEM OR 50% OF THE COST OF VETERAN CARE COMPARED TO ACTUAL VA REIMBURSEMENT THROUGH STATUTORY PAYMENTS

1981 DAYS OF CARE (PROJECTED) AND 1980 AVERAGE VA PER DIEM ALL LEVELS OF CARE COMBINED

STATE	LOCATION	AMOUNT RECEIVED FROM PRESENT STATUTORY PAYMENTS	AMOUNT THAT WOULD BE RECEIVED FROM PROPOSED FORMULA	INCREASE THROUGH NEW FORMULA
AR	LITTLE ROCK	$ 41,377	$ 57,471	$ 16,094
CA	YOUNTVILLE	$ 4,198,392	$ 5,824,139	$ 1,625,747
CO	FLORENCE	$ 474,804	$ 653,346	$ 178,542
	HOMELAKE	$ 219,213	$ 311,201	$ 91,988
CT	ROCKY HILL	$ 2,586,706	$ 6,002,728	$ 3,416,022
DC	OCCOQUAN	$ 245,923	$ 341,581	$ 95,658
GA	AUGUSTA	$ 780,789	$ 1,213,127	$ 432,338
	MILLEDGEVILLE	$ 1,312,238	$ 2,226,047	$ 913,809
ID	BOISE	$ 347,615	$ 449,178	$ 101,563
IL	QUINCY	$ 1,664,814	$ 3,071,720	$ 1,406,906
IN	LAFAYETTE	$ 980,728	$ 1,735,520	$ 754,792
IA	MARSHALLTOWN	$ 1,982,791	$ 4,099,132	$ 2,116,341
KS	FORT DODGE	$ 373,184	$ 466,741	$ 93,557
LA	JACKSON	$ 257,454	$ 357,598	$ 100,144
MA	CHELSEA	$ 1,361,953	$ 3,013,000	$ 1,651,047
	HOLYOKE	$ 1,184,854	$ 2,253,118	$ 1,068,264
MI	GRAND RAPIDS	$ 2,649,808	$ 4,758,149	$ 2,108,341
MN	MINNEAPOLIS	$ 1,027,850	$ 1,594,387	$ 566,537
	HASTINGS	$ 295,656	$ 410,659	$ 115,003
MO	ST. JAMES	$ 625,506	$ 756,698	$ 131,192
MT	COLUMBIA FALLS	$ 316,279	$ 435,653	$ 119,374
NE	GRAND ISLAND	$ 1,889,826	$ 2,964,293	$ 1,074,467
NH	TILTON	$ 404,285	$ 513,376	$ 109,091
NJ	MENLO PARK	$ 1,243,945	$ 1,983,782	$ 739,837
	VINELAND	$ 1,148,599	$ 2,027,730	$ 879,131
NY	OXFORD	$ 341,527	$ 587,594	$ 246,067
ND	LISBON	$ 254,533	$ 341,115	$ 86,582
OH	SANDUSKY	$ 2,166,610	$ 2,353,164	$ 186,554

PROJECTED REIMBURSEMENT TO STATE VETERANS HOMES THROUGH FORMULA OF LESSER OF 30% OF AVERAGE VA PER DIEM OR 50% OF THE COST OF VETERAN CARE COMPARED TO ACTUAL VA REIMBURSEMENT THROUGH STATUTORY PAYMENTS

1981 DAYS OF CARE (PROJECTED) AND 1980 AVERAGE VA PER DIEM ALL LEVELS OF CARE COMBINED .

STATE	LOCATION	AMOUNT RECEIVED FROM PRESENT STATUTORY PAYMENTS	AMOUNT THAT WOULD BE RECEIVED FROM PROPOSED FORMULA	INCREASE THROUGH NEW FORMULA
OK	ARDMORE	$ 585,498	$ 869,540	$ 284,042
	CLINTON	$ 725,522	$ 1,217,320	$ 491,798
	NORMAN	$ 602,514	$ 881,624	$ 279,110
	SULPHUR	$ 736,976	$ 1,403,777	$ 666,801
	TALIHINA	$ 647,205	$ 1,209,899	$ 562,694
PA	ERIE	$ 484,031	$ 815,945	$ 331,914
	HOLLIDAYSBURG	$ 318,788	$ 520,386	$ 201,598
RI	BRISTOL	$ 1,292,415	$ 2,313,548	$ 1,021,133
SC	COLUMBIA	$ 483,710	$ 776,134	$ 292,424
SD	HOT SPRINGS	$ 299,592	$ 474,214	$ 174,622
VT	BENNINGTON	$ 568,054	$ 828,417	$ 260,363
WA	ORTING	$ 570,932	$ 979,155	$ 408,223
	RETSIL	$ 703,526	$ 1,170,650	$ 467,124
WI	KING	$ 2,044,414	$ 3,792,852	$ 1,748,438
WY	BUFFALO	$ 109,245	$ 151,739	$ 42,494
	TOTAL	$40,549,681	$68,207,447	$27,657,766

PROJECTED REIMBURSEMENT TO STATE VETERANS HOMES THROUGH FORMULA OF LESSER OF 30% OF AVERAGE VA PER DIEM OF THE PREVIOUS FISCAL YEAR OR 50% OF THE COST OF VETERAN CARE OF THE PRESENT YEAR COMPARED TO ACTUAL VA REIMBURSEMENT THROUGH STATUTORY PAYMENTS

1982 DAYS OF CARE (PROJECTED) AND 1981 AVERAGE. VA PER DIEM ALL LEVELS OF CARE COMBINED

STATE	LOCATION	AMOUNT RECEIVED FROM PRESENT STATUTORY PAYMENTS	AMOUNT THAT WOULD BE RECEIVED FROM PROPOSED FORMULA	INCREASE THROUGH NEW FORMULA
AR	Little Rock	$ 127,000	$ 189,200	$ 62,200
CA	Yountville	$ 3,979,031	$ 5,552,510	$ 1,573,479
CO	Florence	$ 463,648	$ 661,840	$ 198,192
	Homelake	$ 209,110	$ 322,216	$ 113,106
CT	Rocky Hill	$ 2,658,634	$ 7,335,133	$ 4,676,499
DC	Occoquan	$ 200,279	$ 298,368	$ 98,089
GA	Augusta	$ 775,864	$ 1,285,065	$ 509,201
	Milledgeville	$ 1,471,170	$ 2,640,976	$ 1,169,806
ID	Boise	$ 495,507	$ 792,047	$ 296,540
IL	Quincy	$ 1,660,569	$ 3,146,164	$ 1,485,595
IN	Lafayette	$ 1,065,057	$ 2,036,939	$ 971,882
IA	Marshalltown	$ 2,003,640	$ 4,114,651	$ 2,111,011
KS	Fort Dodge	$ 387,053	$ 480,496	$ 93,443
LA	Jackson	$ 262,242	$ 390,679	$ 128,437
MA	Chelsea	$ 1,330,085	$ 3,187,608	$ 1,857,523
	Holyoke	$ 1,210,067	$ 2,495,183	$ 1,285,116
MI	Grand Rapids	$ 2,626,481	$ 4,527,375	$ 1,909,894
MN	Minneapolis	$ 1,179,747	$ 1,774,228	$ 594,481
	Hastings	$ 281,343	$ 419,135	$ 137,792
MO	St. James	$ 679,151	$ 743,264	$ 64,113
MT	Columbia Falls	$ 307,915	$ 450,482	$ 142,567
NE	Grand Island	$ 1,860,423	$ 3,175,580	$ 1,315,157
NH	Tilton	$ 406,427	$ 465,375	$ 58,948
NJ	Menlo Park	$ 1,164,395	$ 2,273,053	$ 1,108,658
	Vineland	$ 1,149,314	$ 1,918,415	$ 769,101
NY	Oxford	$ 377,072	$ 701,538	$ 324,466
ND	Lisbon	$ 269,780	$ 378,911	$ 109,131
OH	Sandusky	$ 2,155,129	$ 2,635,793	$ 480,664

PROJECTED REIMBURSEMENT TO STATE VETERANS HOMES THROUGH FORMULA OF LESSER OF 30% OF AVERAGE VA PER DIEM OF THE PREVIOUS FISCAL YEAR OR 50% OF THE COST OF VETERAN CARE OF THE PRESENT YEAR COMPARED TO ACTUAL VA REIMBURSEMENT THROUGH STATUTORY PAYMENTS

1982 DAYS OF CARE (PROJECTED) AND 1981 AVERAGE VA PER DIEM ALL LEVELS OF CARE COMBINED

STATE	LOCATION	AMOUNT RECEIVED FROM PRESENT STATUTORY PAYMENTS	AMOUNT THAT WOULD BE RECEIVED FROM PROPOSED FORMULA	INCREASE THROUGH NEW FORMULA
OK	Ardmore	$ 602,852	$ 943,138	$ 340,286
	Clinton	$ 724,215	$ 1,250,590	$ 526,375
	Norman	$ 593,428	$ 894,192	$ 300,764
	Sulphur	$ 738,819	$ 1,512,618	$ 773,799
	Talihina	$ 635,105	$ 1,282,282	$ 647,177
PA	Erie	$ 496,924	$ 894,095	$ 397,171
	Hollidaysburg	$ 326,582	$ 571,298	$ 244,716
RI	Bristol	$ 1,346,154	$ 2,602,904	$ 1,256,750
SC	Columbia	$ 484,290	$ 859,181	$ 374,891
SD	Hot Springs	$ 273,567	$ 466,965	$ 193,398
VT	Bennington	$ 563,016	$ 844,474	$ 281,458
WA	Orting	$ 607,218	$ 1,120,614	$ 513,396
	Retsil	$ 759,291	$ 1,384,546	$ 625,255
WI	King	$ 2,077,588	$ 4,167,089	$ 2,089,501
WY	Buffalo	$ 114,764	$ 170,971	$ 56,207
	TOTAL	$41,099,946	$73,357,181	$32,257,235

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A Federal Grants Applicable to Domiciliary, Nursing and Hospital Care Provided by State Veterans Homes

LOCATION OF STATE HOMES		Veteran Days of Care	Average Daily Census	Per Diem a/ Cost	Total Veteran Cost*	Grant-in-Aid By VA*	Grant-in-Aid % by VA
		FY 1980					
		Cost Shared by Veterans Admin. & Veterans Homes					
Domiciliary Care	TOTAL	1,787,686	4,884.4	23.74	42,444,837	9,832,285	23.2
AR	Little Rock	610	7.7	142.85	87,139	3,355	3.9
CA	Yountville	216,271	590.9	17.91	3,873,414	1,189,491	30.7
CO	Florence	—	—	—	—	—	—
CO	Homelake	25,545	69.8	17.39	444,220	140,498	31.6
CT	Rocky Hill	152,908	417.8	17.47	2,671,303	840,994	31.5
DC	Occoquan	47,551	129.9	31.00	1,474,081	261,531	17.7
GA	Augusta	—	—	—	—	—	—
GA	Milledgeville	87,669	239.5	47.69	4,100,935	482,100	11.5
ID	Boise	41,548	113.4	12.33	512,287	228,514	44.6
IL	Quincy	33,145	90.6	26.06	863,759	182,298	21.1
IN	Lafayette	30,495	83.3	24.48	746,518	167,723	22.5
IA	Marshalltown	35,810	97.8	32.65	1,169,197	196,955	16.8
KS	Ft. Dodge	20,076	54.9	14.52	291,504	110,418	37.9
LA	Jackson	39,801	108.7	33.61	1,337,712	218,906	16.4
MA	Chelsea	95,699	261.5	17.12	1,638,367	526,345	32.1
MA	Holyoke	12,431	34.0	22.80	283,427	68,371	24.1
MI	Grand Rapids	56,877	155.4	19.22	1,093,176	312,824	28.6
MN	Hastings	48,927	133.7	24.36	1,191,862	269,099	22.6
MN	Minneapolis	122,066	333.5	15.76	1,923,760	671,363	34.9
MO	St. James	20,760	56.7	18.80	390,288	114,180	29.3
MT	Columbia Falls	25,017	68.4	17.46	436,797	137,594	31.5
NB	Grand Island	50,453	137.8	26.30	1,326,914	277,492	20.9
NH	Tilton	—	—	—	—	—	—
NJ	Menlo Park	31,739	86.7	20.72	657,632	174,565	26.5
NJ	Vineland	12,606	34.4	40.97	516,468	69,333	13.4
NY	Oxford	15,628	42.7	48.32	755,145	85,954	11.4
ND	Lisbon	37,816	103.3	16.24	614,132	207,988	33.9
OH	Sandusky	183,205	500.6	17.52	3,209,752	1,007,628	31.4
OK	Ardmore	35,779	97.8	22.30	797,871	196,785	24.7
OK	Clinton	10,105	27.6	29.43	297,390	55,578	18.7
OK	Norman	63,723	174.1	39.80	2,536,175	350,477	13.8
OK	Sulphur	10,069	27.5	29.58	297,841	55,380	18.6
OK	Talihina	—	—	—	—	—	—
PA	Erie	26,139	71.4	27.28	713,072	143,765	20.2
PA	Hollidaysburg	23,407	64.0	58.79	1,376,098	128,739	9.4
RI	Bristol	33,001	90.2	28.58	943,169	181,506	19.2
SC	Columbia	—	—	—	—	—	—
SD	Hot Springs	31,170	85.2	20.24	630,881	171,435	27.2
VT	Bennington	4,805	13.1	20.71	99,512	26,428	26.6
WA	Orting	26,630	72.8	32.97	877,991	146,465	16.7
WA	Retsil	50,804	138.8	26.65	1,353,927	279,422	20.6
WI	King	11,025	30.1	26.65	293,816	60,638	20.6
WY	Buffalo	16,376	44.7	32.81	537,297	90,068	16.8
Nursing Care	TOTAL	2,044,578	5,586.3	40.81	83,459,585	21,468,076	25.7
AR	Little Rock	—	—	—	—	—	—
CA	Yountville	118,288	323.2	23.85	2,821,169	1,242,024	44.0
CO	Florence	40,182	109.8	32.10	1,289,842	421,911	32.7
CO	Homelake	5,696	15.6	32.56	185,462	59,808	32.2
CT	Rocky Hill	—	—	—	—	—	—
DC	Occoquan	—	—	—	—	—	—
GA	Augusta	64,936	177.4	35.27	2,290,293	681,828	29.8
GA	Milledgeville	54,450	148.8	61.47	3,347,042	571,725	17.1
ID	Boise	—	—	—	—	—	—
IL	Quincy	110,520	302.0	43.57	4,815,705	1,160,544	24.1
IN	Lafayette	58,645	160.2	45.40	2,662,483	615,773	23.1
IA	Marshalltown	101,116	276.3	41.59	4,205,414	1,061,718	25.2
KS	Ft. Dodge	19,200	52.5	32.25	619,200	201,600	32.6
LA	Jackson	—	—	—	—	—	—
MA	Chelsea	19,872	54.3	28.40	564,36[illegible]	208,636	37.0
MA	Holyoke	86,088	235.2	55.30	4,760,666	903,924	19.0
MI	Grand Rapids	191,104	522.1	46.79	8,941,756	2,006,592	22.4
MN	Hastings	—	—	—	—	—	—
MN	Minneapolis	30,280	82.6	38.58	1,166,659	317,520	27.2
MO	St. James	37,049	101.2	27.59	1,022,182	309,015	30.2
MT	Columbia Falls	13,825	37.77	31.37	433,690	145,163	33.[illegible]
NB	Grand Island	132,175	361.1	35.59	4,704,108	1,387,838	29.5
NH	Tilton	33,234	90.8	34.08	1,132,615	348,957	30.8
NJ	Menlo Park	93,088	254.3	27.22	2,531,678	977,424	38.6
[illegible]	Vineland	89,051	243.3	45.96	4,092,784	935,036	22.8
NY	Oxford	16,483	45.0	69.22	1,140,953	173,072	15.2
ND	Lisbon	—	—	—	—	—	—
OH	Sandusky	89,041	243.2	25.75	2,292,806	934,931	40.8
OK	Ardmore	28,240	77.16	36.01	1,016,922	296,520	29.1
OK	Clinton	54,769	149.6	40.26	2,205,000	575,075	26.1
OK	Norman	16,600	45.4	40.36	669,976	174,300	26.0
OK	Sulphur	47,423	129.6	43.84	2,079,024	497,942	24.0
OK	Talihina	54,507	148.9	45.74	2,493,150	572,324	23.0
PA	Erie	25,419	69.3	68.37	1,737,897	266,900	15.4
PA	Hollidaysburg	13,459	36.7	92.52	1,245,227	141,320	11.3
RI	Bristol	85,238	232.9	43.36	3,695,920	894,999	24.2
SC	Columbia	39,926	109.1	35.12	1,402,201	419,223	29.9
SD	Hot Springs	10,761	29.4	40.23	432,915	112,991	26.1
VT	Bennington	44,851	122.5	34.43	1,544,220	470,935	30.5
WA	Orting	30,395	83.0	49.51	1,504,856	319,148	21.2
WA	Retsil	27,992	76.5	48.80	1,366,010	293,916	21.5
WI	King	160,707	439.1	43.84	7,045,395	1,687,424	24.0
WY	Buffalo	—	—	—	—	—	—
Hospital Care	TOTAL	340,050	929.0	71.97	24,476,599	3,910,577	15.9
CA	Yountville	121,092	330.9	46.60	5,642,887	1,392,558	24.7
CT	Rocky Hill	116,656	318.7	62.67	7,310,832	1,341,544	18.4
IL	Quincy	9,199	25.1	69.30	637,491	105,789	16.6
IA	Marshalltown	40,235	109.9	85.79	3,451,761	462,703	13.4
MA	Chelsea	41,373	113.0	148.15	6,129,410	475,790	7.8
MA	Holyoke	3,082	8.4	210.18	647,775	35,443	5.5
OK	Sulphur	7,403	20.2	61.46	454,988	85,135	18.7
WI	King	1,010	2.8	199.46	201,455	11,615	5.8

Per diem cost is based on the total cost of a/ operation divided by the total days of patient (veteran/nonveteran) care during fiscal year b/ payments began effective 7/14/80. *Unaudited totals

NATIONAL ASSOCIATION OF STATE VETERANS HOMES

OFFICE OF: Harry A. Warren, President
National Association of State
Veterans Homes
602 North 25th Street
Norfolk, Nebraska 68701

December 14, 1981

Mr. G. V. Montgomery, Chairman
House Veterans Affairs Committee
335 Cannon House Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

In response to your committee's request for specific information as contained in Report of Proceedings of Subcommittee on Hospitals and Health Care (H.R. 2832 and H.R. 4025), dated September 23, 1981, the National Association of State Veterans Homes has surveyed all State Veterans Homes and is submitting the attached information (Exhibits A, B, C and D).

Results of our survey revealed that the total operating cost for the 47 State Homes was over $192 million for the period July 1, 1980, to June 30, 1981. Collections from other sources are reflected on attached exhibits. Approximately 21% of this operating cost was supported by Veterans Administration per diem payments and 58% by state taxation.

The National Association of State Veterans Homes appreciates the opportunity to testify on this proposed legislation. Following review of the enclosed material by your committee, the National Association of State Veterans Homes officials stand readily available for further deliberation on this matter.

Sincerely,

Harry A. Warren

Harry A. Warren, President
National Association of State
Veterans Homes

HAW/rg

Attachments - 4

cc: See attached pages

12-11-81

NATIONAL ASSOCIATION OF STATE VETERANS HOMES

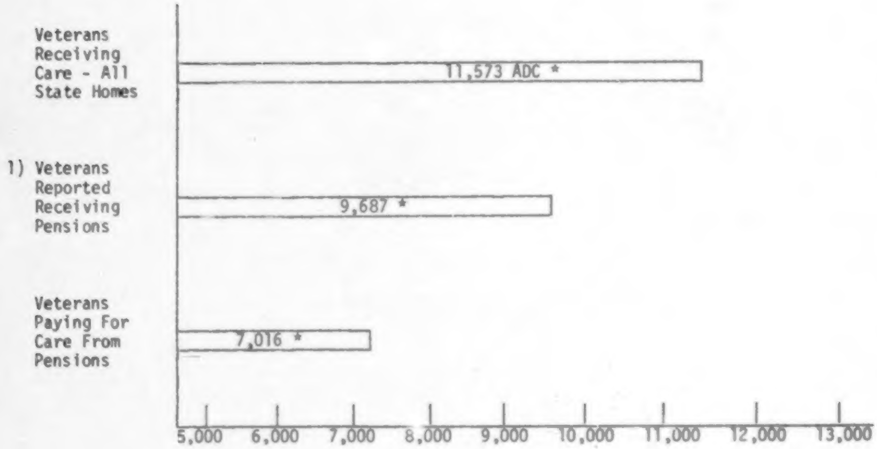
RESPONSE TO HOUSE VETERANS AFFAIRS COMMITTEE
REQUEST FOR ADDITIONAL INFORMATION

QUESTION: "What percentage of Veterans obtaining care in State Homes are receiving Veterans Administration pensions"?

"Do you have a figure for each of the State Veterans Extended Care Facilities available, Mr. Dack"?

RESPONSE: Period July 1, 1980 - June 30, 1981.

Number of State Homes Surveyed - 47.



*Unaudited Totals

1) Seven Homes did not respond, as they do not collect from pensions.

State Home		Number Receiving Pensions
AR	Little Rock	
CA	Yountville	1,667
CO	Florence	110
CO	Homelake	90
CT	Rocky Hill	
DC	Occoquan	195
GA	Augusta	
GA	Milledgeville	
ID	Boise	211
IL	Quincy	434
IN	Lafayette	262
IA	Marshalltown	403
KS	Fort Dodge	135
LA	Jackson	108
MS	Chelsea	449
MS	Holyoke	286
MI	Grand Rapids	
MI	Marquette	50
MN	Hastings	122
MN	Minneapolis	381
MO	St. James	256
MT	Columbia Falls	108
NE	Grand Island	344
NE	Norfolk	128
NE	Omaha	49
NE	Scottsbluff	60
NH	Tilton	90
NJ	Edison	335
NJ	Vineland	305
NY	Oxford	116
ND	Lisbon	
OK	Sandusky	
OK	Ardmore	155
OK	Clinton	176
OK	Norman	214
OK	Sulphur	166
OK	Talihina	343
PA	Erie	141
PA	Holidaysburg	108
RI	Bristol	342
SC	Columbia	112
SD	Hot Springs	131
VT	Bennington	144
WA	Orting	192
WA	Retsil	231
WI	King	489
WY	Buffalo	49
	TOTAL	9,687 *

*Unaudited Totals

EXHIBIT (A)

12-11-81

NATIONAL ASSOCIATION OF STATE VETERANS HOMES

RESPONSE TO HOUSE VETERANS AFFAIRS COMMITTEE REQUEST FOR ADDITIONAL INFORMATION

QUESTION: "Can you provide, for the record, a listing of Homes that are certified as Medicaid/Medicare Part A and Part B and recoveries from Medicare during fiscal 1980"?

RESPONSE: Period July 1, 1980 - June 30, 1981.

Number of State Homes Surveyed - 47.

MEDICAID

Home Certified		Amount Received By State Home
CO	Florence	$ 22,591
CO	Homelake	125,060
IA	Marshalltown	
NY	Oxford	1,169,058
SC	Columbia	32,620
WI	King	2,742,456
	TOTAL	$ 4,091,785 *

MEDICARE

Home Certified		Program A	Program B	Amount Received By State Home
CA	Yountville	X	X	$ 2,153,000
CT	Rocky Hill	X	X	1,522,164
IL	Quincy	X	X	638,645
IA	Marshalltown		X	161,992
MA	Chelsea	X	X	1,104,144
MA	Holyoke	X	X	169,212
NY	Oxford	X	X	54,743
SC	Columbia	X	X	
	TOTAL			$ 5,833,900 *

*Unaudited Totals

EXHIBIT (B)

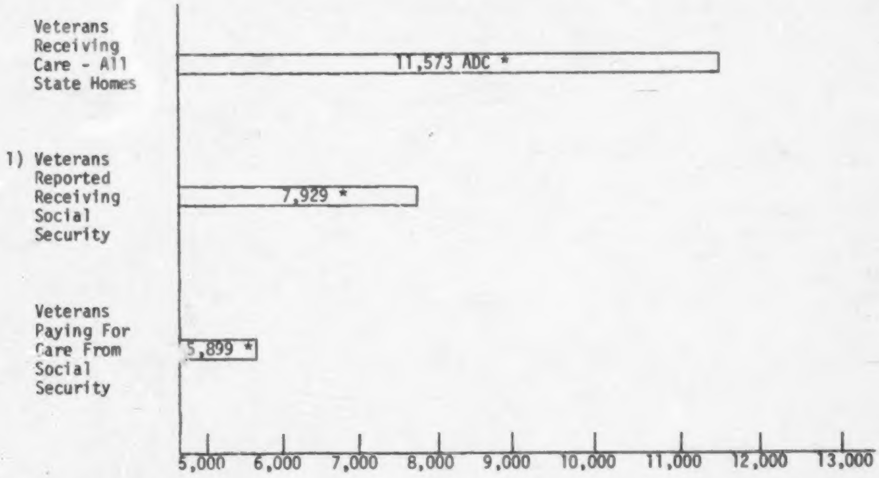
NATIONAL ASSOCIATION OF STATE VETERANS HOMES

RESPONSE TO HOUSE VETERANS AFFAIRS COMMITTEE
REQUEST FOR ADDITIONAL INFORMATION

QUESTION: "How many Veterans obtaining care in State Homes are receiving Social Security payments, yet another source of indirect Federal funding available to the Home through the charges to the Veteran"?

RESPONSE: Period July 1, 1980 - June 30, 1981.

Number of State Homes Surveyed - 47.



Collections from Social Security for support equals 5.21% of the total operating cost.

Note: Social Security payments are funded through employee/employer relationship and are not considered to be Federal contributions.

1) Eight Homes did not respond, as they do not collect from Social Security.

*Unaudited Totals

EXHIBIT (C)

NATIONAL ASSOCIATION OF STATE VETERANS HOMES

RESPONSE TO HOUSE VETERANS AFFAIRS COMMITTEE REQUEST FOR ADDITIONAL INFORMATION

QUESTION: "Can you furnish us the charging policy of the states with state extended care facilities?"

RESPONSE: Charging policies summary by state. Forty-seven state homes surveyed.

ARKANSAS - Little Rock

If veteran has over $250.00 income per month, the Home collects $150.00 plus 75% of income between $250.00 - $300.00, plus 50% of income between $300.00 and $500.00 and 25% of income above $500.00 up to a maximum of $500.00.

CALIFORNIA - Yountville

Personal exemption of $150.00 with a maximum charge of $497.00 per month. Aid and Attendance payments are not considered income. Collections between $150.00 and $497.00 are based on a sliding scale formula.

COLORADO - Florence, Home Lake

Veterans are charged the full cost of care minus the Veterans Administration per diem payments.

CONNECTICUT - Rocky Hill

Married veterans are not charged. Upon the death of a single veteran, the estate is billed for cost of care less Veterans Administration per diem and Medicare reimbursements. Upon discharge, the single veteran retains $900.00 and is billed cost of care less Veterans Administration and Medicare payments.

DISTRICT OF COLUMBIA - Occoquan, Virginia

The first thirty days of care are free. Veterans with income over $100.00 per month are charged 20% of their gross income.

GEORGIA - Augusta, Milledgeville

Do not have a charging policy.

IDAHO - Boise

The veteran retains up to $65.00 for personal use. If married, the spouse gets an allowance of $365.00 per month. Charges are made up to the full cost of care. If the income is over $1,800.00 per month, a veteran is not eligible for admission.

ILLINOIS - Quincy

Residents are charged 90% of income above $80.00 per month up to the cost of care. Veteran and spouse, both living in the Home, are charged cost of care based on one-half of their combined income exclusive of first $80.00 per month.

INDIANA - Lafayette

Veteran retains first $85.00 per month of income and is charged up to full cost of care with claim against estate if not paid.

IOWA - Marshalltown

Veteran retains the first $62.00 of the first $100.00 of income and then 15% of each dollar over and above through the level of income. If the veteran has assets of $1,500.00 or more, or income to warrant, he/she pays support charges not to exceed 70% of the total cost of care in the level of care in which he/she resides. When assets are reduced to $500.00, he/she goes back on an income basis.

KANSAS - Fort Dodge

Veterans retain $40.00 per month comfort money. They are charged up to the cost of care based on previous year expenses. Comfort money is reduced to $20.00 per month following sixty days in nursing home section. Veteran and spouse residing in cottages are charged 10% of total income as rent.

LOUISIANA - Jackson

Veteran keeps the first $60.00 per month and is charged 50% of his income between $60.00 and $300.00 and all income above $300.00.

MASSACHUSETTS - Chelsea, Holyoke

The state collects all Aid and Attendance allowances from the veteran, plus all third party reimbursement for veterans in hospital.

MICHIGAN - Grand Rapids, Marquette

The veteran is charged all income in excess of $90.00 per month up to the cost of care. If cash assets are above $2,500.00, he is charged the full cost of care until assets are reduced to $2,500.00.

MINNESOTA - Hastings, Minneapolis

The veteran retains the first $40.00 per month and is charged 60% of the next $70.00 and 90% of all income above $110.00 per month. Medicare reimbursement is deducted from the cost of care for maximum payment.

MISSOURI - St. James

Veteran retains first $50.00 and is charged 50% of first $100.00 of income, half of income between $100.00 and $200.00, and all income above $200.00 but not to exceed $421.00 per month for domiciliary care. For nursing care, veterans are charged up to the cost of care but retain the first $50.00. Also, six per cent of all assets is considered as income on a yearly basis.

MONTANA - Columbia Falls

Veterans are charged the full cost of care with the veteran retaining the first $40.00 of income for his personal use.

NEBRASKA - Scottsbluff, Grand Island, Norfolk, Omaha

If a single veteran has over $5,000.00 in assets, or a married veteran over $10,000.00, charges are for the full cost of care. If assets are below these amounts, veteran retains first $98.00 of monthly income and is charged all income above his allowance. A married veteran receives allowances for any dependents.

NEW HAMPSHIRE - Tilton

Veteran retains first $85.00 of monthly income and is charged 92% of excess income up to the cost of care.

NEW JERSEY - Menlo Park, Vineland

Veteran retains $100.00 for personal use and is charged 60% of other income for maintenance. Allowances are provided for dependents of married veterans.

NEW YORK - Oxford

Veteran is allowed to keep either $28.50 or $30.00 for personal use and all other income is applied to his cost of care.

NORTH DAKOTA - Lisbon

There is no charge on the first $500.00 of a veteran's income. $10 00 increments are charged for each additional $500.00 of monthly income up to 49% of the cost of care.

OHIO - Sandusky

Does not have a charge system.

OKLAHOMA - Sulphur, Clinton, Norman, Talihina, Ardmore

The veteran retains $100.00 per month of his income for incidental needs and is assessed, not to exceed three times the amount of Veterans Administration reimbursement for that level of care.

PENNSYLVANIA - Holidaysburg, Erie

Veteran retains first $100.00 and is charged 80% of all additional income plus collection from Aid and Attendance allowances.

RHODE ISLAND - Bristol

There is a charge for Aid and Attendance allowances only.

SOUTH CAROLINA - Columbia

Veterans are admitted regardless of income. They are charged for the full cost of care minus Veterans Administration per diem payments.

SOUTH DAKOTA - Hot Springs

The veteran retains the first $50.00 of income. Charges are graduated on income up to $456.00 per month plus one-half of additional income and 90% of Aid and Attendance allowances.

VERMONT - Bennington

Veteran retains first $115.00 and is charged for full cost of care with determinations made on an individual basis.

WASHINGTON - Retsil, Orting

Veteran keeps $172.00 of monthly income with the balance of income not to exceed the cost of care going to a revolving fund.

WISCONSIN - King

Veteran retains first $5.00 per month and is charged up to his cost of care.

WYOMING - Buffalo

If assets are over $1,500.00 charges reflect the total cost of care until assets are reduced to $500.00. Cost of care charges are based on 70% of actual cost to the facility. Veteran retains the first $65.00 of income plus 15% of all additional income.

STATE HOME INSPECTION STANDARDS—DOMICILIARY CARE

Attached are copies of the standards for care in State homes developed in accordance with Public Law 94-581. That law required that standards with respect to nursing home care be no less stringent than those prescribed for contract community nursing home care. State homes are inspected at least annually to assure those standards of care are met. The VA has the authority to withhold per diem payments or withdraw recognition if a Home should consistently fail to meet standards and make no effort to correct deficiencies.

These standards were first used for fiscal year 1979 inspections. After each inspection, States are asked for their plan of correction for the identified deficiencies. The inspections for fiscal year 1980 showed a marked decrease in the number of deficiencies. The reports of inspections for fiscal year 1981 received to date reflect continued improvement. Among the items corrected have been life safety deficiencies, improper classification of patients, insufficient staffing and lack of written policies and procedures.

Standards for State home and VA facilities are not identical. State home facilities are not required to meet JCAH accreditation although some have chosen to do so. The VA imposes this requirement on its own facilities as well as systematic internal and external review procedures.

STATE HOME INSPECTION **(STANDARDS – DOMICILIARY CARE)**	INITIAL SURVEY	RESURVEY	DATE SURVEYED	REPORTS CONTROL SYMBOL 18-4

NAME OF FACILITY	STREET ADDRESS	CITY	COUNTY	STATE	ZIP CODE

SURVEYED BY *(DM&S FIELD ACTIVITY OF JURISDICTION)*

SURVEYORS NAME AND CORRESPONDENCE SYMBOL

1.	*6.*	*11.*
2.	*7.*	*12.*
3.	*8.*	*13.*
4.	*9.*	*14.*
5.	*10.*	*15.*

C. STANDARDS FOR DOMICILIARY CARE	MET	NOT MET	EXPLANATORY STATEMENTS
I. The home complies with all federal, State and local laws and regulations and meets VA and/or JCAH standards for resident care. (a) Licenses and/or accreditation shall be current for the home, administrator and professional staff involved in patient-member care. (b) The home meets safety standards as defined in the latest edition Life Safety Code or is in the process or correcting identified deficiencies. (c) The home has a current State Fire Marshall's certificate. II. The home provides a safe, sanitary, and pleasant environment.			

SUPERSEDES VA FORM 10-3567c, OCT 1978, WHICH WILL NOT BE USED.

C. STANDARDS FOR DOMICILIARY CARE	MET	NOT MET	EXPLANATORY STATEMENTS
(a) The home is clean, odor-free, and free of clutter, pests, and fire and safety hazards.			
(b) Acceptable practices are employed in storage of supplies, cleaning agents, pesticides, handling and disposal of refuse and storage and handling of clean and dirty linens.			
(c) The facility has a program for prevention and control of infection.			
(d) Buildings are accessible to and safe for persons with handicaps. Handicapped members should be located on the first floor for easier egress from the building.			
III. The resident has access to prompt and appropriate medical care.			
(a) There is adequate administrative, direct care and support staff per patient census to assure that the facility will be operated and maintained in accordance with minimum standards prescribed by the State agency for the maintenance and operation of such facilities, and the standards of care as prescribed by the Veterans Administration.			
(b) There is a written procedure and agreement with the medical staff, or private physician, and dentist for evaluation of the resident's medical and dental status on admission, annually, and as necessary for acute or appropriate followup care.			
(c) There is agreement with one or more hospitals to accept a resident requiring hospitalization.			
(d) Transportation is available as needed for medical and dental care.			
IV. The health record is maintained for each resident.			
(a) Provisions of the Federal Privacy Act, 1974, Public Law 93-579 are met.			
(b) The health record contains identification, medical, social and family history, physical examination, laboratory and X-ray data, diagnoses, treatment plans, treatment record and progress notes.			

C. STANDARDS FOR DOMICILIARY CARE	MET	NOT MET	EXPLANATORY STATEMENTS
(c) The record is legible and organized to assist in rapid assessements of the resident's health status.			
(d) Entries are dated and person making entry is identified by name, title, and signature.			
(e) Storage and disposal of inactive records is in accordance with State law.			
V. The Nursing Service shall have sufficient appropriately trained personnel to meet the needs of residents.			
(a) If the domiciliary is not associated with a nursing home unit or hospital which provides inpatient and/or ambulatory health care, there is an infirmary with adequate staff and equipment to provide for screening, observation, and nursing care.			
(b) The infirmary does not retain patients who require a higher level of care.			
(c) There shall be a nursing care plan for each resident requiring treatment.			
(d) Records of diagnoses, treatment and outcome will be maintained and be a part of utilization review.			
VI. Each resident shall be restored to his/her maximum level of functioning.			
(a) The health care team evaluates each resident in term of his/her abilities and limitations and establishes attainable goals, type of restorative therapy and intervals for reevaluation.			
(b) Residents are on self-medication or provision is made for appropriate nursing personnel to dispense retained medication as required.			
(c) Allied health services such as speech therapy, audio-			

C. STANDARDS FOR DOMICILIARY CARE	MET	NOT MET	EXPLANATORY STATEMENTS
logy, psychotherapy, psychological testing, education, PT, OT, CT, and podiatry are obtainable as needed and prescribed by a physician.			
VII. A program is provided to meet the social, recreational, and spiritual needs of residents.			
(a) Residents are encouraged to participate in educational, vocational recreational, socialization, and physical fitness activities. Space, supplies and personnel are available to assist the resident. Participation of the resident is documented.			
(b) Provision is made for resident involvement in planning and implementation.			
(c) A social history, containing the resident's family status, work history, hobbies, religious preferences, education and plans is obtained within one week of admission.			
(d) A social worker or equivalent, familiar with community and state resources, should be available to assist residents and their families. Assistance with discharge planning is available.			
(e) Staff with a mental health background assists employees in becoming aware of resident's psychosocial problems and how to manage them.			
(f) Religious services are available including reasonable access by the clergy, space and time for public services. There is space for private individual contacts. Residents are encouraged to attend religious services in the community.			
(g) Facilities are available for grooming services and purchase of personal items.			
(h) Public transportation is available.			

C. STANDARDS FOR DOMICILIARY CARE	MET	NOT MET	EXPLANATORY STATEMENTS
VIII. Resident's dietary needs are met in accordance with approved medical practice.			
(a) A nutritionally balanced diet is provided with therapeutic diets available as ordered. At least three meals are served daily, with no more than 14 hours between the evening meal and breakfast of the following day.			
(b) Food is attractive and satisfying to residents.			
(c) Residents have input to the menu and/or a choice of alternative foods.			
(d) State health law requirements are met.			
(e) The dietary staff shall have sufficient appropriately trained personnel.			
(f) Complaints about food are documented and remedial action is taken if appropriate.			
(g) Employees are screened in accordance with State health laws.			
IX. The domiciliary has established and adheres to written policies and procedures regarding rights of patient members.			
(a) Residents are kept informed concerning ~~patients~~ policies in the domiciliary.			
(b) Residents are oriented to the policies and procedures of the domiciliary. They are provided a handbook containing information about the facility, and rules and regulations.			
(c) There is a resident council with elected membership. The council regularly communicates with management concerning resident needs and concerns.			

STATEMENT OF JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and Members of the Subcommittee: Thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the Veterans of Foreign Wars of the United States with respect to the two bills before this Subcommittee today, H.R. 4025 and H.R. 2832.

At the outset, I would like to thank the Chairman for holding this hearing, demonstrating his and the Subcommittee's continuing concern for our nation's elderly veterans.

As you know, the VFW has been concerned about the care being received by the growing number of elderly veterans in the United States and has expressed this concern before this Subcommittee and other Congressional Committees on numerous occasions. We are cognizant of the increasing average age of veterans requesting assistance either through the VA or the State Home system and believe increases in the number of facilities along with the upgrading of those currently in use is of great importance.

According to the VA, at the present time veterans comprise 45 percent of all American males over the age of 20 years. Because of the large number of World War II and Korean War veterans, by 1990 more than half of all U.S. males over the age of 65 years will be veterans. Furthermore, by the year 2010 there may be more than a million veterans over the age of 85 years, compared to approximately 130,000 at present. As is evidenced by these statistics, the need for an efficient and modern State Home system is vital in light of the fact that the VA's nursing homes are filled to capacity and there are long waiting lists for admission to most of them. It is obvious that a coordinated effort must be encouraged and sustained to meet this increasing demand.

The VFW supports H.R. 4025, introduced by the Honorable Ronald M. Mottl, Chairman of this Subcommittee, to extend through September 30, 1986 the authority of the Administrator of Veterans Affairs to make grants to the various states to assist in the construction, alteration, modernization, and repair of state veterans extended care facilities. It should be noted that the VFW is gratified to see that an increase in state grants was deemed appropriate in the fiscal year 1982 budget.

Mr. Chairman, H.R. 2832, introduced by the Honorable Cooper Evans, would amend 38 U.S.C. 641 to provide for a more equitable formula for payments by the Administrator of Veterans Affairs to states for the cost of care provided to eligible veterans in state nursing homes. Historically, the contribution of the Federal Government to state veterans homes was in the nature of assistance in domiciliary care and was on a per annum basis. Through the years amendments have been enacted to include nursing home and hospital care and payment is now calculated on a per diem rate, reviewed and adjusted periodically by Congress. Because of the advancing population of elderly veterans and the increasing costs incurred in caring for these veterans, the VFW believes the Veterans Administration should assume a more equitable and realistic role in providing financial support to State Homes. Therefore, the VFW supports H.R. 2832 requiring the Administrator to redetermine per diem rates for state domiciliary, nursing home, and hospital care facilities at least once every fiscal year, and establish the rate for such care at 30 percent of the average per diem cost for a veteran in a VA facility but not to exceed 50 percent of the total cost incurred by the State Home. We believe this formula would be a more equitable nature than what is currently in practice and would allow the State Home system to continue to provide a vital service to our nation's elderly veterans while at the same time increasing both the quantity and quality of that care. Resolution 717 entitled, "Matching Fund Construction Grants to States", adopted at our most recent National Convention addresses these issues and is appended to my testimony for your review.

Mr. Chairman, in conclusion the Veterans of Foreign Wars of the United States would once again like to commend this Subcommittee for holding this hearing and showing its deep and continued concern for our nation's elderly veterans. Thank you, I will be happy to respond to any questions you may have.

RESOLUTION NO. 717

MATCHING FUND CONSTRUCTION GRANTS TO STATES

Whereas the Congress of the United States has continuously provided medical, domiciliary, and nursing care to the nation's veterans; and

Whereas the Veterans Administration has worked with many states to develop hospital, domiciliary, and nursing care facilities to provide care for the veterans; and

Whereas many of the states with financial support from the Veterans Administration have provided hospital, domiciliary, and nursing care to veterans in cooperation with the Veterans Administrations; and

Whereas there is a continued need to provide nursing care to the nation's veterans above and beyond the level that can be provided by individual states or the federal government, however, in a joint venture these services can be expanded to the older veterans; now, therefore

Be it resolved, By the 82nd National Convention of the Veterans of Foreign Wars of the United States, that we go on record requesting the Congress to provide increased funding to the Veterans Administration for the purpose of matching state funds to expand the state veterans hospital, domiciliary, and nursing care services; and

Be it further resolved, That the Veterans Administration shall negotiate from time to time the Veterans Administration reimbursement costs to states for care of such eligible veterans.

Adopted by the 82nd National Convention of the Veterans of Foreign Wars on the United States held in Philadelphia, Pennsylvania, August 14-20, 1981.

STATEMENT OF STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS

Mr. Chairman and Members of the Subcommittee, on behalf of the more than 662,000 members of the Disabled American Veterans, I wish to thank you and the members of the Subcommittee for inviting us here today to present our views on the two legislative proposals (H.R. 2832 and H.R. 4025) presently pending before the Subcommittee that would directly impact on State Veterans Homes that provide domiciliary, nursing home and hospital care for many of this nation's veterans.

H.R. 2832

Introduced on March 25, 1981, by Congressman Evans of Iowa, H.R. 2832 sets forth as its statement of purpose—"To provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities."

H.R. 2832, as proposed, seeks to amend Section 641, Title 38, United States Code, by completely rewriting the Section in order to provide a new formula for determining the rates of per diem to be paid to State Veterans Homes for domiciliary, nursing home and hospital care provided to eligible veterans.

As you know, Mr. Chairman, current law (Section 641, 38 USC) authorizes the Veterans Administration to pay each state per diem rates of $6.35 for domiciliary care, $12.10 for nursing home care and $13.25 for hospital care provided to each eligible veteran, so long as these payments do not exceed one-half of the cost of the care provided.

The new formula proposed by H.R. 2832 would require the Administrator of Veterans Affairs to pay each eligible state (providing care to veterans) per diem rates that equal 30 percent of the average cost of providing domiciliary, nursing home and hospital care in VA facilities. However, as specifically mandated in current law, H.R. 2832 would also require that the per diem payment not exceed one half the actual cost of the care provided.

Additionally, the bill also requires the Veterans Administration to:

(1) Establish separate cost determinations for each type of care provided—domiciliary, nursing home and hospital care;

(2) Make payments to eligible states (for care provided) at least once every quarter; and

(3) Re-evaluate the per diem rates paid to eligible states at least once each Fiscal Year.

If enacted into law, the provisions of H.R. 2832 would become effective on October 1, 1981.

Mr. Chairman, the Disabled American Veterans, by way of a legislative resolution (Resolution No. 120) adopted by the delegates to our most recent National Convention, supports the enactment of legislation to provide a more equitable cost sharing arrangement between the federal government and State Veterans Homes for the care provided to eligible veterans.

H.R. 4025

H.R. 4025, introduced by you, Mr. Chairman, on June 25, 1981 at the request of the Administration, proposes to amend Section 5033(a), Title 38, United States Code, for the purpose of extending the authority for the program of grants to states for

State home facilities that furnish eligible veterans domiciliary, nursing home and hospital care.

As you know, Mr. Chairman, the authority for providing grants to state for construction of State Home facilities will expire on September 30, 1982.

Through appropriate amendment of Section 5033(a), Title 38, United States Code, H.R. 4025 would extend the authority for grants to states for State Home facilities through the end of the Fiscal Year ending on September 30, 1986.

Given the current economic crisis in our government today—one that may continue for sometime in the foreseeable future—programs such as the matching grants to states for the construction of State Veterans Homes serve two important functions:

(1) To assist the federal government in offsetting the high costs of providing health care to veterans; and

(2) Provide an avenue for states to share in meeting our Nation's obligation to veterans.

For these reasons, Mr. Chairman, the delegates to our most recent National Convention adopted a resolution (Resolution No. 119) calling for the continuation of matching federal funding at the present level of $15 million per annum for no less than the next five years for construction and remodeling of nursing home care facilities at State Veterans Homes.

Without question, Mr. Chairman, over the last decade the domiciliary, nursing home and hospital care provided to this Nation's veterans by the State Veterans Homes has been invaluable in terms of offsetting, to some degree, the severe losses suffered by the VA's health care system.

During fiscal year 1980 the State Veterans Homes maintained an aveage daily census of 5,586 nursing home, 4,892 domiciliary and 929 hospital patients.

Recognizing the significance and the important role of the State Veterans Homes—in terms of the care provided to the rapidly aging veteran population and the cost effective use of federal taxpayer dollars that supplement this program—we believe it is wise, as well as prudent, for the United States Congress to continue reasonable financial support, within the present fiscal constraints, for this necessary program.

Mr. Chairman, as noted earlier in my testimony, the DAV does support the continuation of the grants to states program for the construction and remodeling of State Veterans Homes, as well as, legislation to provide a more equitable cost sharing arrangement between the Veterans Administration and the State Veterans Homes.

Therefore, we urge the Subcommittee to give serious and favorable consideration to H.R. 2832 and H.R. 4025, or similar legislation designed to improve the services extended to veterans by State Veterans Homes.

That concludes my testimony, Mr. Chairman. I again wish to thank you and the members of the Subcommittee for providing the DAV the opportunity of appearing here today to present our views on this important subject.

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